

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO**

Cabinet
13 October 2021

Report Title: Appointment of a supplier to refurbish the health and fitness offer at Jubilee2.

Submitted by: Executive Director - Commercial Development & Economic Growth

Portfolios: Leisure, Culture and Heritage

Ward(s) affected: All

Purpose of the Report

To recommend the procurement approach for the design, refurbishment, and the supply of equipment for the improvement of the health and fitness offer at Jubilee2

Recommendation

That Cabinet:

1. Authorise the Executive Director - Commercial Development and Economic Growth, in consultation with the Portfolio Holder, Leisure Culture and Heritage, to take such actions and to enter such agreements as are reasonably necessary to complete the refurbishment of the gym etc. within the available budget of £360,000.

Reasons

- 1) The UK Leisure Framework agreement has been reviewed and is considered the most suitable framework to deliver the refurbishment of the Gym etc at Jubilee2. Whilst there are other framework agreements available to the Council, none offer the specialist industry knowledge, which combine both the design and refurbishment of the fitness facilities and the supply of equipment that the Council can benefit from. These alternative framework agreements have therefore been rejected.
- 2) The UK Leisure Framework is a fully compliant OJEU /FaTS (Find a Tender Service) framework which allows for the direct appointment of Alliance Leisure Services (ALS) as a development partner for the full project delivery including scoping the scheme, design services, refurbishment of the physical space, the provision of and selection of equipment.
- 3) Given the number of services and providers that would have to be appointed to deliver this project the UK Leisure Framework aim's to avoid the traditional more time consuming/costly procurement process for public organisations and provides a one stop shop for project delivery.
- 4) The existing equipment is now ten years old and has is reaching the end of its useful life. As a result the equipment breaks down more frequently and for a sustained period of time. Recently this has led to negative feedback from customers who have also identified that other operators offer a more diverse range of fitness equipment. It is therefore vital to

replace the fitness equipment at the earliest opportunity to attract and retain more customers, thus supporting the commercial operation of the Jubilee2.

1. **Background**

- 1.1 At Cabinet on the 7th June 2021 the refurbishment of the health and fitness offer at Jubilee2 was considered.
- 1.2 The decision taken by Cabinet was, that a further report be submitted to Cabinet once Alliance Leisure have given further consideration to the detailed requirements for an improved health and fitness at Jubilee2.

2. **Issues**

- 2.1 The existing fitness layout comprises of 100 pieces of equipment which is divided into 60% cardiovascular and 40% resistance equipment. The proposed layout will see the fitness offer split into four key areas, resistance, cardiovascular, functional training (including free weights and stretch) and toning. This will support a more diverse fitness offer including personal training, activities small group exercise classes and an enhanced health referral programme. These have not been offered previously and will support the continued commercial viability of Jubilee2. In addition to replacing the fitness equipment and spin bikes it is now an ideal time to improve the gym set up through:
 - Improving the ambience by redecorating, zoning of the equipment and potentially the relocation of the gym desk to allow for better supervision of the gym floor;
 - Minor electrical works to accommodate the new fitness equipment layout;
 - Installation of toning equipment in the former aqua sauna space;
 - Subject to budgetary constraints to enhance the flooring in the studios to accommodate a wider range of activities;
 - Installation of a digital solution in the three studios that monitors the customer's effort, heart rate/calories burned, and will provide an innovative solution to engage with customers and to support customer retention.
- 2.2 Given the high profile of the health and fitness refurbishment at Jubilee2, it is felt that the project should be delivered as a turn-key project under one contract. To deliver this type of project this would require the engagement of a range of specialist services, the appointment of a construction company and access to a range fitness equipment/wearable technology providers. IT would be very time consuming/costly for Officers to pull together the all of the documentation required to run the required number of compliant tender processes. This not considered to be an option due to, the existing equipment is reaching the end of its useful life, breaking down regularly and leading to negative customer feedback. This likely to affect the commercial operation of Jubilee2 and therefore the equipment needs to be replaced at the earliest opportunity.
- 2.3 Taking the above point on board, Officers (in conjunction with the Council's Business Improvement Manager) have taken the opportunity to explore a number of framework agreements to undertake a turn-key refurbishment of the health and fitness offer at Jubilee2. It has been identified that apart for the UK Leisure Framework, no other frameworks offer the special leisure industry knowledge, combined with the appointment of a design team, the engagement of a main contractor, and access to a range of premium fitness equipment providers. Officers have therefore concluded that, The UK Leisure

Framework agreement is considered the most suitable framework available to deliver the refurbishment of the health and fitness offer at Jubilee2.

- 2.4 The UK Leisure Framework agreement is a fully compliant OJEU framework which allows for the direct appointment of ALS, as a development partner for scoping, design, refurbishment and supply of equipment for leisure projects etc., and is available for use by public organisations such as the Council.
- 2.5 The UK Leisure Framework agreement was procured in accordance with EU procurement regulations by Denbighshire County Council (DCC) and runs from 2017 to 2022. This framework is owned by DCC but has appointed a management board comprising of DCC officers and ALS personnel.
- 2.6 Under the guidance of the UK Leisure Framework agreement the management board, ALS have partnered with specialist leisure, design consultants, contractors, and leading fitness equipment suppliers, which will bring a multi skilled team to this project. Working with these companies (who meet the requirements of the UK Leisure Framework agreement), aim to reduce costs and ensure competitive rates with their supply chain partners.
- 2.7 As requested by Cabinet on the 7th July 2021, at their risk ALS have given further consideration to the feasibility and cost of the refurbishment of the gym etc. at Jubilee2. In addition to ALS as a development partner, the following specialist subcontractors will be available to the Council under the UK Leisure Framework agreement to support the delivery of this project:

Project element/provider	Description
*Project Manager/Quantity Surveyor (potentially will be Savernake Property Consultants Ltd)	The Project Manager will support the Council throughout the project. They will provide the technical management of the project during preconstruction and construction phases. The Quantity Surveyor will keep a close eye on the project finances, the quality of workmanship, and agree any certificates for payment.
*Architect (Likely to be Bignall Shacklady & Ewing Ltd)	The Architect will create designs etc for the refurbishment elements of the gym. They will use their specialist knowledge to design the gym that is functional, safe, and aesthetically pleasing.
*Principle Designer (potentially will be Bignall Shacklady & Ewing Ltd))	The Principle Designer plans, manage, monitor and coordinate health and safety arrangements for the project.
*Principle Contractor (potentially will be Universal Piling and Construction)	The principal contractor will oversee the various elements of the gym refurbishment. They will plan, manage, monitor and coordinate the entire construction phase including the appointments of structural and M&E consultants where appropriate to do so.
**Fitness equipment provider (potentially will be Technogym, Precor or life Fitness	Provides advice on the design and layout of the gym floor and the supply of the

<p>with Origin fitness or Staffs Fitness also being considered for the supply of the functional fitness equipment.</p>	<p>equipment. The equipment mix will include a range of cardio vascular equipment, resistance equipment, plate loaded equipment, a functional training area and spin bikes. This range of equipment will enhance the overall customer journey at Jubilee2.</p>
<p>**Toning equipment potentially will be Shapemaster</p>	<p>Will provide a number of pieces of equipment in the former aqua sauna space following its refurbishment. This new offer will provide an accessible and enjoyable exercise opportunity specifically aimed at:</p> <ul style="list-style-type: none"> • The over 55's • Those individual's living with disabilities, poor mobility or long term health conditions such as long Covid. • Will enhance the opportunity to work with health partners through referral programmes.
<p>**Wearable technology in the studios potentially will be Myzone or Technogym</p>	<p>Will provide a new dimension to group exercise classes in the studios and or the functional training on the gym floor. The system allow customers to monitor the exercise habits in real time during classes as well as allowing them to develop a sense of community through participation in challenges. Both systems offer the Jubilee2 greater retail opportunities through the sale of heart rate monitors. However it should be noted if Myzone is the selected provider, they use a proprietary system and only their brand of belts can be used with their system. Therefore the Council will have to procure these belts from the supplier in the future.</p>

*Under the UK Leisure Framework agreement these project delivery partners (sub-contractors) have been identified as the most appropriate suppliers for the refurbishment of the gym etc. for a combination of the following reasons a) the size of project, b) their locality to the project, c) their ability to meet the preferred time frame, d) their schedule of rates demonstrating value of money and deliverability of the project within the available budget. However, the appointment of these providers will still be subject to the Council's approval during the pre-construction phase of the project.

** As part of the ALS feasibility study these fitness equipment providers have submitted their equipment costs as part of a soft market testing exercise to gain an understanding of the deliverability of the project within the allowable budget. However, the appointment of any of these providers will still be subject to validation of these costs during the next stage of the project.

- 2.8 Subject to the approval to use the UK Leisure Framework agreement, the Council will be asked to enter into an access agreement. This will allow ALS to act on the Councils behalf to provide preconstruction services. This will include the development of the design, the production off an outline structural survey, the production of an MEP survey, specialist fit out/ design integration, evaluation of risks to the project, preparation of a project plan and the production of a detailed fixed cost plan.
- 2.9 Subject to project cost certainty, the Council will then enter into a development agreement with ALS. This will become the overarching document between the Council and ALS for the delivery of the project, detailing the final project refurbishment and equipment costs.

3. **Proposal**

- 3.1 That Cabinet, authorise the Executive Director - Commercial Development and Economic Growth, in consultation with the Portfolio Holder, Leisure Culture and Heritage, to take such actions and enter such agreements as are reasonably necessary to complete the refurbishment of the gym etc. within the available budget of £360,000.

4. **Reasons for Proposed Solution**

- 4.1 The UK Leisure Framework agreement has been reviewed and is considered the most suitable framework to deliver the refurbishment of the Gym etc at Jubilee2. Whilst there are other framework agreements available to the Council, none offer the specialist industry knowledge, which combine both the design and refurbishment of the fitness facilities and the supply of equipment that the Council can benefit from. These alternative framework agreements have therefore been rejected.
- 4.2 The UK Leisure Framework is a fully compliant OJEU/FaTS (Find a Tender Service) framework which allows for the direct appointment of ALS as a development partner for the scoping, design, refurbishment, provision of equipment and the development of projects.
- 4.3 Given the number of services and providers that would have to be appointed to deliver this project the UK Leisure Framework aim's to avoid the traditional more time consuming/costly procurement process for public organisations.
- 4.4 The existing equipment is now ten years old and has is reaching the end of its useful life. As a result the equipment breaks down more frequently and for a sustained period of time. Recently this has led to negative feedback from customers who have also identified that other operators offer a more diverse range of fitness equipment. It is therefore vital to replace the fitness equipment at the earliest opportunity to attract and retain more customers, thus supporting the commercial operation of the Jubilee2.

5. **Options Considered**

- 5.1 Whilst there are a number of other frameworks available to the Council to use, none offer the specialist industry knowledge, which combine both the appointment of a design team, the engagement of a main contractor to refurbish the fitness areas at Jubilee2, and give access to a range of premium fitness equipment brands; as such these were therefore rejected.

6. Legal and Statutory Implications

- 6.1 Procurement officers are content that the direct award of the contract in the region of £360,000 to ALS through the U.K Leisure Framework is a compliant procurement option in line with the Public contract Regulations 2015 (PCR2015) and the Council's constitution. There will be need to ensure appropriate and timely legal input into the completion of any contract/agreements.

7. Equality Impact Assessment

- 7.1 The replacement of the fitness equipment will appeal to a broader range of the Borough's residents. In addition the new fitness layout will enable the delivery of smaller group exercise classes and personal training to ensure that Jubilee2 continues to attract a wider range of users including those with protected characteristics.

8. Financial and Resource Implications

The revised feasibility study provided by ALS has indicated that the project can be delivered within the £360,000 allocated in the 2021 / 2022 capital programme. The costs for each element of the project are shown below:

Element of Work	Indicative Capital Cost
Fitness Equipment, functional training equipment, spin bikes and toning equipment	£297,953
Construction Costs inclusive all professional fees	£50,000
Digital solution in the studios to support customer retention.	£6,720
Project development costs	£7,093
Project Manager/Quantity surveyor	£7,500
Framework Fees, payable to Denbighshire County Council.	£3,556
Project contingency	£5,000
Total Cost	£377,822
Existing equipment buy back fee	-£22,000
Total project cost (subject to cost certainty)	£355,822

8.2 Officers have benchmarked the fitness equipment costs against their fitness Equipment providers as well as another framework agreement. By doing this it has been identified that the UK leisure Framework agreement demonstrates value for money through:-

- a) a cheaper cost to buy the equipment
- b) reduced costs to service and maintain the equipment over a five year period.

8.3 Given that the initial timeframe to deliver the project is likely to take two to three weeks it is proposed to reduce membership fees in March 2022 by up to fifty percent to reflect the reduction in services available to members which is estimated to be to £20,000-£30,000 loss of income over this period of time.

9. **Major Risks**

9.1 It is proposed that all risks identified will be proactively managed through a small working group of officers from Sport and Active Lifestyles, ICT, and Facilities Management.

9.2 The same officer group will work collaboratively to ensure that the project is delivered on time and within budget.

10. **UN Sustainable Development Goals (UNSDG)**

10.1 The improvements to the health and fitness offer at Jubilee2 contribute to the UNSG and Climate Change objectives in a number of ways. Principally, through partnership working, improving health and wellbeing and supporting, infrastructure and skills, the following UNSGs are supported.



11. **Key Decision Information**

11.1 This is a key decision and appears on the Council's forward plan.

12. **Earlier Cabinet/Committee Resolutions**

12.1 7th July 2021

13. **Confidential List of Appendices**

13.1 None.

14. **Background Papers**

- 14.1 ALS Feasibility Study.
- 14.2 Frame work agreement review.
- 14.3 Bench marking of fitness equipment costs.