

Item No.	Classification: Open	Date: 6 th March 2024	Meeting Name: Acting Strategic Director of Environment, Neighbourhoods & Growth
Report title: Refurbishment Strategy.	Gym Procurement	Gateway 1 Procurement Strategy Approval Gym refurbishment	
Ward(s) or groups affected:	All		
From:	Head of Leisure Insourcing		

RECOMMENDATION (S)

1. The Acting Strategic Director of Environment, Neighbourhoods & Growth approves the procurement strategy outlined in this report, to run a competitive procurement, seeking five tenders for the refurbishment of Southwark Gyms. The contract will be for a three month period, provisionally scheduled to commence from 28 June 2024, with an estimated value of up to £500,000.

BACKGROUND INFORMATION

2. Following the decision to bring the leisure service back in-house in June 2023 at the expiry of the current contract with Sports and Leisure Management Limited (operating as Everyone Active), plans have been progressed to procure the services and contracts required to manage and operate the facilities when transferred.
3. The centres have now been insourced and one of the most important elements of the service is the fitness facilities. There is an overall programme to enhance the Gym facilities which includes, sourcing new Gym equipment, designing the refurbishment of the existing facilities and refurbishing the facilities. This paper is concerned with the procurement of a contract for the refurbishment works.

Summary of the business case/justification for the procurement

4. The Leisure Centres in the borough are all very well used and play a key part in the health and wellbeing of the local communities. Fitness trends have changed in recent years and this has meant that whilst the council has a good offering across its leisure sites in the borough, there is a demand for changes to deliver an improved offering and to better serve the users and have a positive impact on residents' health.
5. As it stands, 14% of people in the UK are currently members of a gym, this increases to 18% of people in London – which leaves a massive 86% of people in the UK and 82% of people in London that currently are not a member of a gym.

6. Studies have shown that this number could more than double in 2024 19% of UK residents told YouGov that they plan on joining a gym in the next 12 months, further evidence that as a nation we are trying to prioritise our health where we can.
7. There are over 2.9 million visits annually to the London Borough of Southwark leisure sites. It is imperative the service has in place adequate gymnasiums including functional fitness and up to date equipment for users of the council leisure centres, which contributes a significant amount to the overall customer experience perceived and value for money.
8. The gymnasium layouts in the borough were last refreshed in 2015-18, with the exception of the recent opening of the new gymnasium located in Southwark Park Sports and Athletics Centre in 2021. In the years since their refurbishments, the industry has changed and the gymnasium layouts do not currently suit industry demands, and the space is not being used to its maximum potential and as a result, the layouts and designs of the gymnasiums are not meeting the needs of the users.
9. The centres all require changes to their layouts to make better use of the space and to optimise the equipment location.
10. The reason there is a requirement for new equipment across the centres is due to the increasing demand and high volume of monthly visits, without a fully operational and up to date gym the council will not meet the demand of existing users or attract new users:

Visits broken down by average monthly and annual total:

	Monthly	Annual
Camberwell	33,076	396,912
Dulwich	54,456	653,472
The Castle	57,383	688,596
Peckham	47,924	575,088
Seven Islands	29,203	350,436
Surrey Docks	12,568	150,816
Southwark Park Sports And Athletics Centre	4,357	52,284
Total	238,967	2,867,604

11. Refurbishing the existing Gym facilities across the borough will result in increased visits and revenue from memberships / pay and play visits, and, as a result, will help impact and positively improve the offering to the residents.

Scope of works

12. The works cover the following sites and tasks:
 - Surrey docks – Lighting, decoration, flooring and structural works
 - Southwark Park – Decoration and flooring
 - Camberwell - Decoration and flooring
 - Peckham - Decoration and flooring
 - The Castle – Lighting, decoration and flooring

- Dulwich - Lighting, decoration, flooring and structural works

Market considerations

13. The construction / refurbishment market place is mature with many suitable suppliers both local and national.
14. There have been price pressures on construction contracts over the past few years due to labour shortages and increased supply chain prices for materials.
15. The procurement route proposed for this procurement is obtaining five tenders from suitably experienced contractors. Soft market engagement will be undertaken to identify those suitable and willing to bid. The Councils current term contractor OCS Group UK&I Limited will be invited to bid.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

16. Do nothing – This is not considered an option as the council is responsible for operation and delivery of the fitness provision in public leisure facilities and doing nothing would damage reputation.
17. Use of existing frameworks – This route has been explored but is constrained by who is on each identified framework. The Council wish to invite a mix of contractors some they have worked with in the past and others that are deemed suitable. An existing framework with those contractors on is not available.
18. Council's own term contractor – This route has been considered, the project team have liaised with OCS Group UK&I Limited who are interested in the project. There is an option of directly awarding to OCS Group UK&I Limited for contracts valued at under £500,000. This route has been considered but discounted as it is felt that further competition would provide a better quality solution and potentially better value for money. As noted OCS Group UK&I Limited will be invited to bid but not through the Council term contract.
19. Competitive procedure collecting five tenders as per the contract standing orders for works contracts over £100k. This is the recommended route as it allows for a focused tender list with a mix of suitable contractors that have already worked with the Council and some new contractors that have demonstrated ability and willingness in soft market testing along with the current term contractor OCS Group UK&I Limited.

Proposed procurement route

20. A competitive procedure seeking five tenders aligned to the Councils contract standing orders offers a compliant route to market. The suppliers will be

selected after soft market engagement which will assess their capacity, capability and willingness to undertake the programme of works.

Identified risks for the procurement

21.

Risk No	Risk Identified	Risk Level	Mitigation
1	Legal challenge	Low	The procurement is under the threshold for works contracts. The procurement will be compliantly managed and evaluated as per the methodology in the tender documents
2	Poor vendor selection	Low	Use of known existing suppliers that have shown capability and willingness in soft market engagement and others that have also shown capacity and willingness in the soft market engagement process to bring depth of supply expertise.
3	Implementation delays	medium	The implementation timetable has been planned and can be delivered by September 2024. If the proposed works over run gyms will not be able to reopen as planned, this will impact on gym usage and revenue.
4	Supplier's finances being affected and supplier going out of business.	Low	The council will conduct financial reviews prior to entering into a contract.

Key /Non Key decisions

22. This report deals with a non-key decision.

Policy framework implications

23. The management of the leisure centres and delivery of excellent leisure services is directly linked to the council's commitment to a 'Fairer future for all', in particular: the council want to break down barriers that prevent people

from thriving in Southwark, so that irrespective of background residents can live a healthy life.

24. The Council Delivery Plan sets out priorities and commitments to the people of Southwark until 2026:

- Transforming our borough
- A thriving and inclusive economy
- A healthy environment
- Quality, affordable homes
- Keeping you safe
- Investing in communities
- Supporting families

25. Leisure centre provision contributes to the delivery of these commitments. In particular, the Council Delivery Plan states, 'Bringing more council services in house including our leisure centres.' In addition, leisure centre provision is an important part of the Active Southwark strategy which was agreed by the cabinet in April 2019. A key theme being: Active Places – shaping our environment and facilities so that they encourage more people to be more active.

26. Procurement project plan

Activity	Complete by:
DCRB Review Gateway 1:	06/03/2024
Brief relevant cabinet member (over £100k)	28/03/2024
Approval of Gateway 1: Procurement strategy report	15/03/2024
Completion of tender documentation	12/04/2024
Publication of Find a Tender Service Notice	N/A
Publication of Opportunity on Contracts Finder	N/A
Invitation to tender	15/04/2024
Closing date for return of tenders	13/05/2024
Completion of evaluation of tenders	24/05/2024
Forward Plan (if GW2 is key decision)	N/A
DCRB Review Gateway 2: Contract award report	05/06/2024
Notification of forthcoming decision (if GW2 is key decision)	N/A
Approval of Gateway 2: Contract Award Report	12/06/2024
Debrief Notice and Standstill Period (if applicable)	N/A
Contract award	24/06/2024

Add to Contract Register	24/06/2024
Place award notice on Contracts Finder	24/06/2024
Contract start	28/06/2024
Initial Contract completion date	27/09/2024
Contract completion date – if extension(s) exercised	N/A

TUPE/Pensions implications

27. Not applicable

Development of the tender documentation

28. Tender documents will include

- Service specification
- Request for tender including evaluation methodology
- Terms and conditions

Advertising the contract

29. N/A

Evaluation

30. The contract will be awarded on the basis of a 50:50 cost quality ratio. This ratio has been determined to ensure a balanced quality outcome.

Community, equalities (including socio-economic) and health impacts

Community impact statement

31. This service will have a positive impact on service users from the community as it will enhance and improve the experience they will receive during their time at the centres whilst attending the Gym.

Equalities (including socio-economic) impact statement

32. The [Public Sector Equality Duty](#) has been considered and no additional consultation is required.

33. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that all contractors and subcontractors engaged by the council to provide works, goods or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate.

Health impact statement

34. The long term objectives of insourcing the leisure services are directly linked

to reducing health inequalities and improving the opportunities for residents to lead healthier lives through the development of a more resident focused service. Investment in the centres' gyms will help to improve the visitor experience, which will, in turn promote

Climate change implications

35. The supplier will be required to provide acceptable and appropriate environmental policies, deliver on specific performance targets for increasing recycling, reducing waste and energy consumption and expected to implement energy management plans aimed at reducing carbon emissions in line with the council's own targets.

Social Value considerations

36. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well-being of the local area can be secured.

Economic considerations

37. The council has a preference for in-house services wherever possible and there is a desire to have direct responsibility over the management and operation of its leisure facilities and services. This would enable the leisure service to be fully responsive to council priorities and would provide opportunities to work closely with other key council departments to deliver strategic outcomes in a more innovative and joined up way – linking the provision of leisure services with other council and partner services. The ability to manage facilities and services that are not necessarily commercially attractive, but which may maximise opportunities for residents across the borough, is also a key consideration when reviewing the future of the leisure contract.

Social considerations

38. Southwark Council's leisure offer is already pioneering, providing free swim and gym and adult swimming lessons to everyone who lives in the borough. The initiative to enhance the gym offering through refurbishment will enhance the user experience.

Environmental/Sustainability considerations

39. The methods and working practices of the appointed contractor will be carefully checked, monitored and reported to ensure they make environmental and sustainability consideration a standard part of their service delivery.

Plans for the monitoring and management of the contract

40. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System

41. The Council's Leisure Services Division will operate a comprehensive quality monitoring and reporting system to ensure all standards specified are maintained.

42. The contract will be monitored and managed by the Leisure Commercial Manager.

Staffing/procurement implications

43. Not applicable

Financial implications

44. The estimate cost of this procurement can be met from existing budget, and the estimate contract value including and excluding VAT:

Gym Refurbishment	Cost excluding VAT	Cost inclusive of VAT
One-off capital cost	£500,000	£600,000
Total Cost	£500,000	£600,000

45. In 17th January 2024, Cabinet approved the capital bids in the Policy and Resources Strategy: Capital Monitoring Report 2023-24 which included £1.6m Leisure Centre Gym project to improve the fitness and health facilities across the leisure centres. Beside from purchasing new gym equipment, the funding also included gym refurbishment works.

46. The one-off capital cost can be resourced from the Leisure Centre Gym capital project, and the forecast expenditure is affordable within the current approved budget envelope for this scheme. These costs will be monitored and reported as part of the departmental capital budget monitoring

47. For construction (works) contracts, the council's end user status will be clarified in relation to Domestic Reverse Charge (DRC) in the Gateway 2 report and advice sought from Finance if necessary.

Investment implications

48. Not applicable

Legal implications

49. No legal concurrent required as the proposed contract is under £2m

Consultation

50. The [Public Sector Equality Duty](#) has been considered and no additional consultation is required.

Other implications or issues

51.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

52.

Assistant Chief Executive - Governance and Assurance

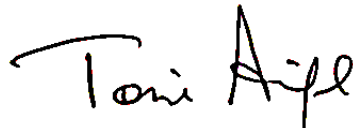
53. No legal concurrent required as the contract value is below £2M

Strategic Director of Finance (<Finance Concurrent Reference Number>)

54.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council’s Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).



Signature

Date 11th March 2024

Designation Acting Strategic Director – Environment, Neighbourhoods & Growth

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions that are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available (see ‘FOR DELEGATED DECISIONS’ section of the guidance).

1. DECISION(S)

As set out in the recommendations of the report.

2. REASONS FOR DECISION

As set out in the report.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION

As set out in the report.

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION *

* Contract standing order 6.4.1 states that for contracts with an Estimated Contract Value of £100,000 or more, the lead contract officer (LCO) must consult with the relevant cabinet member before a procurement strategy is implemented.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST

If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.*

or

I declare that I was informed of the conflicts of interests set out in Part B4.*

(* - Please delete as appropriate)

7. CONSIDERATION GIVEN TO WHETHER, AS A NON-KEY DECISION, THIS SHOULD BE FORWARDED TO THE CONSTITUTIONAL TEAM FOR PUBLICATION IN ACCORDANCE WITH REGULATION 13(4)*

The decision taker should consider whether although a non-key decision, the decision is sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available. Where there is any doubt, having considered the importance and/or sensitivity of a decision, it should be deemed that Regulation 13(4) would apply.

I consider that the decision be made available for publication under Regulation 13(4).*

or

I do not consider that the decision be made available for publication under Regulation 13(4).*

(* - Please delete as appropriate)

* Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, the council is required to put in place a scheme for recording and publishing some officer executive decisions. This process is sometimes referred to as "Regulation 13(4)".

BACKGROUND DOCUMENTS

Title of document(s)	Environment, Neighbourhoods & Growth / Leisure Insourcing	Head of Leisure insourcing 07889393163
Gateway 0 Leisure services Insourcing		

APPENDICES

No	Title
Appendix 1	NA

AUDIT TRAIL

Lead Officer	Strategic Director of Environment, Neighbourhoods & Growth	
Report Author	Head of Leisure Insourcing	
Version	Draft	
Dated	6 th March 2024	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance	Yes	Yes/No
Head of Procurement	Yes	Yes/No
Assistant Chief Executive - Governance and Assurance	Yes	Yes/No
Director of Exchequer (for housing contracts only)	Yes/No	Yes/No
Cabinet Member	Yes	Yes/No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes/No

Corporate Contract Review Board	No	No
Cabinet Member	Yes/No	Yes/No
Date final report sent to Constitutional /Community Council/Scrutiny Team	Date/Month/Year e.g. 5 July 2020	