

Gym Equipment Contract

Report to:

Date:

Investment & Finance Board
Commissioner's Board
Deputy Mayor's Fire and Resilience Board

26 October 2023
07 November 2023
21 November 2023

Report by:

Lead Contracts Manager, Property and TSS

Report classification:

For decision

For publication

PART ONE

Non-confidential facts and advice to the decision-maker

Executive Summary

This report seeks approval to commit expenditure following a procurement exercise and award a new contract for the supply and maintenance of gym equipment across the London Fire Commissioner's (LFC) estate. The contract will be procured using the ESPO Framework.

For the London Fire Commissioner

The LFC authorises the revenue expenditure for the maintenance and supply of gym equipment across the LFC estate as set out in Parts One and Two of this report.

The LFC delegates authority to the Assistant Director Procurement & Commercial to undertake any necessary procurement activity and agree, enter into a contract for the maintenance and supply of gym equipment across the LFC estate be entered into in accordance with the contents of Part One and Two of this report.

1. Background

- 1.1 The current contract for the maintenance and supply of gym equipment across all premises in the LFC estate is held by Sportsafe Ltd and expires on 31st March 2024. The scope of the contract includes the annual maintenance and safety check on all gym equipment, ad hoc repairs as required and provision of new and replacement gym equipment.
- 1.2 The current contract was let as a direct award under the MOPAC framework in 2020 with a contract term of 3 years with an option 1 + 1 year extension. Due to deteriorating market conditions, it is recommended that we re-tender this contract now as opposed to utilising the full 1+1 extension provisions. A six-month extension has been implemented with uplifted costs to deliver the services to maintain provision whilst the contract is re-tendered.
- 1.3 The scope of planned services within the contract is for an annual safety check and service on all types of gym equipment provided in accordance with the Station Design Brief. As part of the servicing the contractor will raise any remedial actions required which are reviewed and progressed as repairs as required.
- 1.4 The reactive service addresses any faults or issues arising for gym equipment which are

responded to in accordance with defined response times and progressed in accordance with a schedule of rates. Replacement equipment can also be secured in accordance with the repairs process as required.

- 1.5 Key Performance Indicators are included within the contract which measure completion of planned servicing, responding to repairs and other requests within the defined response times and compliance with contractual procedures.
- 1.6 This service contract supports London Fire Brigade's Wellbeing Strategy, and in particular the necessity for operational staff to maintain their levels of fitness in line with National Fire Chief Council (NFCC) guidance that is assessed on a periodic basis, alongside ensuring that all staff have the opportunity to access equipment that will benefit their overall wellbeing. Discussions with AC Fire Stations, the Wellbeing Team, Health and Safety and the Sustainability Teams have assisted with the proposals set out in the report.
- 1.7 The contract includes a schedule of rates for the provision of new and additional equipment to support changing requirements although additional funding would need to be secured for any future major changes in provision as only ad-hoc replacements due to individual equipment failure has been allowed for in the current budget.

2. New Contract

- 2.1 It is proposed to award a new contract under the ESPO framework, which has been deemed the most appropriate route to market following a review in conjunction with Procurement. The MOPAC framework utilised for the current contract expired in 2022 therefore is no longer an available option. There were limited frameworks available for gym equipment and ESPO allows for the required scope of services and includes a range of SME suppliers.
- 2.2 ESPO is a public sector organisation which collaborates with a number of local and central government organisations to create frameworks. The use of this framework will enable LFC to benefit from centralised procurement.
- 2.3 The specification of the contract has been refined to align to the principles embedded in the soft services contract and to reflect changes in the ways of working to the FM strategy. This service remains separate from other bundled service contracts due to the specialist nature of the services.
- 2.4 The scope of the contract has been fully reviewed to identify any potential efficiencies to mitigate the cost impact from the new contract. The maintenance is completed annually which is the minimum required frequency and repairs and replacements are only completed for existing equipment. There is no scope to reduce the equipment provided due to the requirement to support maintenance of fitness levels. Alternative equipment models have also been discussed but no viable options have been identified.
- 2.5 The performance mechanism has also been tailored to ensure it is relevant and proportionate and encourages performance and swift resolution of any issues. The new contract will include for inflation increases annually on the contract anniversary date.

- 2.6 The proposed contract term is three years with two optional 12-month extensions. It is the intention to utilise these two extensions providing service delivery is being achieved and market intelligence on rates current at the time of the extension has confirmed that value for money is and can still be achieved. Approval is requested for the full five years of spend.
- 2.7 The current contract was awarded in 2020 with fixed prices for its duration (3 years). Since that time there has been significant year on year inflationary increases within the market. LFC has benefitted from the fixed price regime in the current contract and resultant lower than market rates but it is anticipated that costs will increase from this new procurement exercise. Compound inflation has been applied to the current costs to reflect increases since 2020 and an allowance has then been added for inflation throughout the new contract term. The estimated value of the proposed contract is set out in Part 2 of this report.

3. Equality comments

- 3.1 The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
- 3.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3 The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 3.4 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
- eliminate discrimination, harassment and victimisation and other prohibited conduct.
 - advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
 - foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic.
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
 - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3.6 The steps involved in meeting the needs of disabled persons that are different from

the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

3.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- tackle prejudice
- promote understanding.

3.8 An EIA has been completed and is attached at Appendix 1. The findings of the assessment confirmed that this contract is deemed to have a low impact with all considerations taken into account.

4 Other considerations

Workforce comments

4.1 This contract will benefit the workforce however no formal consultations have taken place.

4.2 There are no direct implications associated with this report requiring consultation.

Sustainability comments

4.3 The contract will be procured in line with our Responsible Procurement policy including the application of employment and skills requirements.

Procurement comments

4.4 Procurement has been fully involved and supports the proposed route to market via the ESPO framework. Additionally, Procurement supports the view outlined above on likely cost increases under the new contract as a result of compound inflationary increases

4.5 Any procurement activity required under this LFC paper for the delivery of the services will be undertaken in accordance with the LFB Scheme of Governance in particular Part 3 – Standing Order for Procurement and in compliance with Public Procurement Regulations 2015, as applicable.

4.6 Any final contract award(s) shall be made to the most economically advantageous tender against pre-defined quality/technical and price criteria. Any awarded contract(s) shall include a range of performance incentive measures to ensure the services are effectively delivered to defined cost and quality requirements.

4.7 The final contract will include the provision for core and non-core services. The core services shall cover the agreed proactive preventative maintenance (PPM) regime and reactive maintenance on an as required basis. The non-core elements shall include the capital replacement of gym equipment and any additional services not covered within the core requirement. The non-core elements shall be based on an agreed schedule of rates to provide transparency of costs for called off under the prescribed contract process as additional services.

5. Financial comments

- 5.1 This report requests approval to procure a new contract for the supply and maintenance of gym equipment across the London Fire Commissioners (LFC's) estate. The contract will be procured using the ESPO Framework.
- 5.2 The detailed financial information to support this request is contained within Part 2 of the report.
- 5.3 Should it become necessary, it is expected any annual inflationary increases within the procurement period will be based around the Retail Price Index (RPI). It is expected that the contingency would be utilised to account for any inflationary increases.
- 5.4 All LFC contractual inflationary increases are reviewed on an annual basis. The LFC budgets for inflation on an item-by-item basis, and the LFC will review those assumptions as part of its budget process for 2024/25. If inflation rates are above current assumptions a resulting budget increase will need to be submitted as part of LFC's annual submission to the Mayor's GLA Group budget process and/or the contract will need to be reviewed to assess whether it is possible to reduce the annual cost via a reduction in service. If inflationary increases result in in-year financial pressures, this will be reported on as part of regular financial reporting and met through the use of the Budget Flexibility Reserve.
- 5.5 LFC standard terms and conditions include clauses on indexation and termination that can be utilised if inflationary pressures affect the performance of the contract. If a contract is no longer viable then LFC will seek to terminate it on this basis or work with suppliers to pause delivery and/or renegotiate what is being delivered. This is preferable to inserting a break clause for inflation as such pressures apply across the market so it is unlikely that benefits will be gained from terminating a contract in order to go back out for competition.

6. Legal comments

- 6.1 Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "LFC") is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the LFC specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
- 6.2 By direction dated 1 April 2018, the Mayor set out those matters, for which the LFC would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor").
- 6.3 Paragraph (b) of Part 2 of the said direction requires the LFC to seek the prior approval of the Deputy Mayor before "[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...".
- 6.4 The Deputy Mayor's approval is accordingly required for the LFC to commit revenue expenditure for the maintenance and supply of gym equipment across the LFC estate as set out in Parts One and Two of this report.
- 6.5 The statutory basis for the actions proposed in this report is provided by section 7 (2)(a) of the Fire and Rescue Services Act 2004, under which the Commissioner must secure the provision of personnel, services and equipment necessary to efficiently meet all normal requirements for firefighting. Paragraph 1.6 of this report sets out the operational requirements for the purchase and maintenance of this equipment which aligns with this

statutory duty of the LFC.

List of appendices

Appendix	Title	Open or confidential*
1	EIA	Open

Part two confidentiality

Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part Two form, together with the legal rationale for non-publication.

Is there a Part Two form YES