

## **CABINET**

**4 SEPTEMBER 2018**

### **FUTURE OPERATION OF MEDWAY SPORT CENTRE CAFES**

Portfolio Holder: Councillor Howard Doe, Deputy Leader and Portfolio Holder for Housing and Community Services

Report from: Richard Hicks, Director Regeneration, Culture, Environment and Transformation and Deputy Chief Executive

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#### **Summary**

The report sets out a proposal to outsource the cafes at Medway Park and Strood sports centres to an external provider.

#### **1. Budget and Policy Framework**

1.1 The proposal to outsource Medway Park and Strood sports centre cafes is consistent with the Council Plan (policy framework) with regards to giving value for money.

#### **2. Background**

2.1 Operating cafes is not considered a core function of the Council's Sport Leisure, Tourism and Heritage service. Since 2013 the cafes at Medway Park and Strood sports centres were operated by Medway Norse until last year, when Medway Norse gave notice that they no longer wished to operate these cafes.

2.2 Both cafes were transferred to the Council on 1 September 2017, including an agreed TUPE of affected staff, pending the Council finding a new external supplier.

2.3 It is now recommended that officers proceed with outsourcing the cafes at Medway Park and Strood sports centres, subject to Cabinet approval.

### **3. Options**

- 3.1 Options available to Cabinet include:
- 3.2 A) Operating the cafes as part of the sport leisure, tourism and heritage service. Cafes are not considered a core function of the service and it is believed greater customer service will be achieved through the provision being operated by a dedicated external supplier. It is also recognised that operating the cafes in-house increases budgetary expenditure and also increases income uncertainty. Thus, option A is not recommended
- 3.3 B) Closing the cafes. This will have a negative impact on customer service and would lead to staff redundancies. Thus, option B is not recommended it has not been taken forward as an option.
- 3.4 C) Outsourcing the cafes. It is considered that this option will provide the best customer service, while reducing budgetary expenditure and providing income certainty.
- 3.5 The recommended option is option C for the reasons set out in section 4 of the report.

### **4. Advice and analysis**

- 4.1 The cafes were not operated by Medway Council between 2013-2017 so there is no detailed trading analysis available. As it has been recognised the transfer back to the Council in September last year was temporary no fundamental reorganisation has been undertaken.
- 4.2 However, operating cafes is not considered a core function of the service. While accepting it is a temporary situation created by the return of the function by Medway Norse, it has increased budgetary expenditure in the Sport Leisure, Tourism and Heritage service and created further income uncertainty in what is already a challenging leisure market.
- 4.3 It is considered that outsourcing the cafes to a dedicated provider will provide better customer service while reducing the Council's budgetary expenditure and providing income certainty through lease payments.
- 4.4 Outsourcing the cafes will require café staff to be TUPE'd to the new provider. HR colleagues will be consulted on this and the process will be managed in line with the Council's Organisational Change Policy.
- 4.5 It is therefore recommended that Cabinet approves the outsourcing of the cafes, including a formal procurement, in line with the Council's Procedure Rules, led by Category Management.

### **5. Risk management**

- 5.1 Risk management is an integral part of good governance. The Council has a responsibility to identify and manage threats and risks to achieve its strategic objectives and enhance the value of services it provides to the community.

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk rating</b>
Staffing	Medway Council will no longer require staff to work at Medway Park and Strood sports centre cafes.	Café staff will be subject to a formal TUPE process to the new provider to ensure they are treated with full consideration.	A3
Financial	The Council will lose income generated by the cafes being operated in-house.	An external provider will be required to make lease payments and appropriate utility charges. In addition the Council will not be required to meet expenditure costs associated with café operations.	B3
Procurement	A suitable external provider is not identified.	The cafes will continue to operate within the sport leisure, tourism and heritage service until a suitable external provider has been procured.	D2

## **6. Consultation**

- 6.1 All staff potentially affected by the appointment of an external provider have been informally consulted with by the Sport Leisure, Tourism and Heritage Service Manager.
- 6.2 Subject to Cabinet approval of the outsourcing, formal consultation will be undertaken with staff in line with Council policy and fully supported by colleagues in HR who are aware of the proposal.

## **7. Financial and legal implications**

- 7.1 The outsourcing of the cafes at Medway Park and Strood sports centres will provide income certainty and reduce service expenditure. Detailed payments to be made by the external provider will form part of the lease agreement completed by the Council's legal department.
- 7.2 The Council's HR and legal departments will ensure the new provider fully complies with TUPE arrangements, including acceptance of and admittance into the Local Government Pension Scheme.

## **8. Recommendation**

- 8.1 Cabinet is asked to approve the outsourcing of the cafes at Medway Park and Strood Sports Centres and for an external provider to be identified and engaged through the Council's procurement process.

## **9. Suggested reasons for decision**

- 9.1 The outsourcing of the cafes to a dedicated external provider will provide better customer service, while providing income certainty and reducing service expenditure.

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### **Appendices**

None

### **Background papers**

None