



**COTSWOLD
DISTRICT COUNCIL**

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	OVERVIEW AND SCRUTINY COMMITTEE – 3 SEPTEMBER 2019
Report Number	AGENDA ITEM 12
Subject	REVIEW OF THE LEISURE AND CULTURAL SERVICES CONTRACT BREAK CLAUSE
Wards affected	All, as users of facilities will come from all wards.
Accountable member	Councillor Jenny Forde Cabinet Member for Health, Wellbeing & Public Safety Tel: 01285 831193 Email: jenny.forde@cotswold.gov.uk
Accountable officer	Martin Holland Business Manager (Contracts) 01993 861556 martin.holland@publicagroup.uk
Summary/Purpose	To report the results of the break clause review of the Leisure & Cultural Services Contract.
Annexes	Annex A (exempt) – Contractors Accounts. Annex B – User Research Reports Executive Summaries.
Recommendation/s	To note the report contents and forward any comments to Cabinet.
Corporate priorities	Contributes to the Health and Wellbeing priority in the emerging Corporate Plan.
Key Decision	YES – For Cabinet in October.
Exempt	YES Annex A of the report - paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 - Information relating to the financial or business affairs of any particular person
Consultees/ Consultation	Users of the leisure centres and the museum have been consulted via customer satisfaction surveys.

1. BACKGROUND

- 1.1. Cotswold District Council's Leisure and Cultural Services Contract with SLM commenced on 31st July 2013 and expires on 30th July 2023; and the contract features a break clause in July 2020 at which point the Council could exercise the option to surrender the contract. If the Council decided to exercise this option notice would need to be served on the Leisure Management Contractor in January 2020. The contract break clause is unconditional; therefore, the Council could exercise this option for any reason it deems fit.
- 1.2. The Contract is now in its sixth year which provides the Council with the opportunity to review its performance in comparison with the original outsourcing strategy, the contract specification and the specified outcomes. The agreed scope for the review is:-
- Performance to date set against the management contract outcomes.
 - Financial performance set against the leisure management contractor's projections.
 - Customer Satisfaction.
 - Have the original objectives/outcomes/benefits been met?
- 1.3. The review has been completed; and this report provides Members of the Overview and Scrutiny Committee the opportunity to comment prior to the results being reported to Cabinet for a decision in October.
- 1.4. Members will recall that the contract scope includes the following facilities:-
- Cirencester Leisure Centre.
 - Corinium Museum.
 - Bourton Leisure Centre.
 - Chipping Campden Leisure Centre.

2. MANAGEMENT CONTRACT OUTCOMES

- 2.1. The table below provides the headline contract outcomes:-

Target	Item	Status
Year 1	Install Leisure Management Booking System	Achieved in Year 1
Year 1	Complete Carbon Management Projects	Achieved in Year 2
Year 1	Introduce new leisure card scheme	Achieved in Year 1
Year 2	Increase participation by 5%	Achieved -16% increase
Year 2	Achievement of Quest Accreditation	Achieved in Year 2
Year 3	Reduce Carbon output by 25%	23% Reduction Achieved.
Year 5	Increase museum income by 25%	Not Achieved.

- 2.2. The completion of the carbon projects which the contractor was required to fund were delayed. On examination the original business case specified within the contract did not provide the optimum results; as a consequence an alternative project was agreed. This resulted in the installation of smart meters and the upgrading of light fittings at all sites to LED.

2.4 Whilst a target was specified for carbon reduction in year 3 of the contract it hasn't been achieved so far. Opportunities for carbon reduction are considered and investigated when replacing plant and planning facility improvements. The most recent annual Energy Performance Operational Rating is a good measure of progress, the facilities have moved from and too the following ratings:-

- Cirencester LC from D to C but only 1 point off B which would be outstanding for a building of this type.
- Bourton LC from E to B which is outstanding for a building of this type.
- Corinium Museum from D to C but again, is only 1 point off B which would be very good for a building of this type.

2.3 The year 5 target to increase income at the museum has not been met; the expectation is the target will be met in year 7 of the contract following the completion of the £1.6m, Heritage Lottery funded, Stone Age to Corinium project which is currently underway.

3. FINANCIAL PERFORMANCE

3.1 Whilst the financial projections SLM submitted when bidding for the contract in 2012/13 are not being met, the net operating position is showing a small surplus (Exempt Annex A refers). Under the terms of the contract the financial risk for not meeting the bid stage projections sit with the Contractor.

4. CUSTOMER SATISFACTION

4.1. A market research company were commissioned to carry out user research at the leisure centres and museum. The face to face research targeted a range of users within the facilities during June and July; statistically relevant completion targets were set at each site (Annex B refers).

4.2. The individual site reports show the overall satisfaction levels as being high or very high in the Museum's case. Issues that have been highlighted such as standards of presentation or delays to repair faulty equipment will be followed up with the contractor. Intelligence gathered will also be utilised to influence facility programmes etc. (Copies of the reports are available on request from Committee Services Team).

5. CONTRACT OBJECTIVES AND OUTCOMES

5.1. Apart from the management contract outcome to increase income at the museum (paragraph 2.4 refers), all other outcomes have in the main been met. The Councils financial expectations are being met and overall customer satisfaction levels with the service remain high or very high.

5.2. This has been and remains, a good contract for the Council which is delivering on the outcomes and objectives set by the Council 6 years' ago. The recommendation to Cabinet will be to not exercise the contract break clause.

- 5.3. Officers monitoring the contract will continue to work with the contractor to continually improve the service delivery, and explore opportunities to upgrade/increase capacity of the facilities so they meet residents and visitors current and future needs.

6. FINANCIAL IMPLICATIONS

The contractor is paying a management fee to the Council totalling £200,986 (indexed to RPI) over the contract term. The responsibility for pre-planned and routine repairs and maintenance sits with the Contractor. The Council is responsible for structural elements of the facilities and replacement of major plant and equipment at end of life.

7. LEGAL IMPLICATIONS

Should Cabinet elect to exercise the break clause option within the leisure and cultural services contract, a formal notice will need to be served on the incumbent contractor in January 2020.

8. RISK ASSESSMENT

- 8.1. There are no specific risks to the Council from this report to the Overview & Scrutiny Committee.

9. EQUALITIES IMPACT (IF REQUIRED)

No negative effect on protected groups identified.

10. CLIMATE CHANGE IMPLICATIONS

The Leisure Management Contract features environmental targets; these have been reported within the main body of the report.

11. BACKGROUND PAPERS

- 11.1. The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Cabinet report - 3rd November 2011 leisure and cultural services option appraisal.
- Cabinet report – 11th April 2013 tender exercise results and contract award.
- Overview & Scrutiny report – 5th March 2019 review arrangements and scoping.
- Cabinet report – 21st March 2019 – Agree review scope and timetable.

These documents are available on the Council's Website.