

Report Reference: C/085/2005-06.

**Report to Overview and Scrutiny Committee
Report of the Task & Finish Panel
Date of meeting: 8 December 2005**



Subject: Monitoring Arrangements - Leisure Management Contract

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Committee Secretary: Z Folley (ext 4532)

Recommendation:

- (1) That Cabinet be asked to confirm the proposed Contract Monitoring Arrangements for the Leisure Management Contract, as attached to this report;**
- (2) That Council be asked to appoint the Membership of the Leisure Management Contract Board each year at its Annual General Meeting;**
- (3) That the Contract Monitoring Board report to the Overview and Scrutiny Committee, to consider issues and report to Cabinet as necessary;**
- (4) That Overview and Scrutiny Committee propose that, in order to assist with the formation of an effective working relationship with SLM, Membership of the Monitoring Board is at a number less than the strict pro-rata of 10 Members (Potentially 5 Members as per the previous Direct Services Board, to include the Leisure Portfolio Holder); and**
- (5) That Overview and Scrutiny Committee consider interim arrangements for the initial meeting of the Board and report to the Council on their preferred option:**
 - (i) Council represented at initial Board Meeting by the Chairman of Task and Finish Panel and/or Leisure Portfolio Holder; or**
 - (ii) Council represented by Members nominated by Group Leaders to include the Leisure Portfolio Holder.**

Background:

1. The Externally Funded and Youth Provision Task and Finish Panel have within their terms of reference a remit:

“To recommend arrangements for the monitoring of the Performance of the Council’s Leisure Management Contract to ensure that the Council’s Key Objectives are being met.”

Monitoring Arrangements:

2. At the Panel’s meeting of the 20th October, Members considered a report, which detailed how the Leisure Management Contract, to be entered into with Sport and Leisure Management Ltd., would be monitored. (*copy attached*).
3. It was explained how performance will be gauged against measurable objectives by means of agreed Key Performance Indicators. These indicators could be broadly broken down into 7 areas relating to the operation of the Service i.e. Facility

Management, Human Resource Management, Health and Safety, Asset Management, Finance, Monitoring of Performance and Activity Base.

4. Members will see within the report that a failure to provide the Service to an acceptable standard will invoke the Default Procedures within the Contract. These are based on a hierarchy of seriousness and allow for financial sanctions and ultimately, if the situation deteriorated further, Contract Termination.
5. The Contract Monitoring Arrangements have been clearly defined within the form of Contract against which Contractors Tendered. In addition, Contractors were asked to submit Method Statements as to how they would achieve the Key Performance Indicators in practice. In SLM's case these have been evaluated as satisfactory.
6. In addition to the Council undertaking Performance Monitoring, SLM have a number of internal mechanisms designed to ensure that a Quality Service is delivered. The Task and Finish Panel had the opportunity to hear from SLM's Development Director how this is achieved, largely through compliance with "Quest" a Nationally Accredited Quality Assurance system.
7. The Council's ongoing obligations with respect to TUPE and Best Value requirements, in relation to staffing issues have also been outlined to the Task and Finish Panel. In response to Members concerns it was confirmed that the level of Capital Investment from SLM, (in the region of £1.5m) was guaranteed and would be checked on an open book basis.

Monitoring Board:

8. Communication is considered to be key in ensuring that an effective working relationship is developed, not only for the benefit of the Council and Contractor, but importantly for users of the Service. To this end and to assist mutual understanding, the Contractor will be expected to attend monthly meetings, with client officers of the Council, to present regular reports, discuss operational issues and review the conclusions of the practical monitoring inspections etc.
9. In addition to these monthly meetings, it is proposed that there will be a higher level Forum, in the form of a Contract Monitoring Board. This Board would convene three times a year and allow Members of the District Council to meet with the Senior Management and Directors of SLM. This is in order to review how the Contract is performing at a more Strategic level.
10. The Board will not only assess how the Contractor is performing against the Key Performance Indicators, but will also consider any variations to the Contract proposed by the Contractor or any new developments or projects which they or the Council may wish to implement. An example of this may be the proposal for a District Wide Leisure Card scheme which although was not included within their original Tender, SLM would be keen to establish in the future.
11. It is envisaged that the Monitoring Board may operate along similar lines to the Council's previous Direct Services Board. This Board which was very focused, took a pragmatic approach to ensuring Contracts for Direct Services, operated in the best interests of all parties.
12. The Direct Services Board comprised of 5 Members of the Council, nominated in part due to their commercial acumen. At the time this was a pro-rata arrangement.

Composition of the Monitoring Board

13. The Task and Finish Panel have considered the composition and reporting line of the Monitoring Board and recognise, that as the Board does not have executive powers, it would need Cabinet and or Council approval for any Policy or Resource issues outside of the agreed Budget Framework.
14. However, the Task and Finish Panel are aware of Overview and Scrutiny Committees desire to be involved in monitoring the Leisure Management Contract. The Panel therefore recommend that the Board report to the Overview and Scrutiny Committee, who would consider issues and recommend to Cabinet as necessary.
15. The Task and Finish Panel have also recognised that for the Board to be effective it should be able to develop a good working relationship with the Contractor. The Panel believe this may be more readily achievable with a smaller number of Members involved, rather than the 10 Members necessary, for strict pro-rata representation.
16. As the Contract Start Date has been delayed, at the specific request of the Contractor until the 4th January 2006, and to allow them the opportunity to settle, it is envisaged that the first Monitoring Board Meeting will not take place until mid March 2006.
17. The Task and Finish Panel would like to propose the following for consideration by Overview and Scrutiny Committee:
 - (i) That Membership of the Monitoring Board for the Leisure Management Contract is established annually of the Annual General Meeting of the Council.
 - (ii) That, in order to assist with the formation of an effective Partnership with SLM, membership of the Monitoring Board is at a number less than the strict pro-rata of 10 Members (possibly 5 Members as per the previous Direct Services Board) to include the Leisure Portfolio Holder.
 - (iii) Whilst the appointment of the Board would be a matter for Full Council in May 2006, interim arrangements for the first Meeting in March 2006 could be considered such as:
 - (a) Chairman of Task and Finish Panel and/or Leisure Portfolio Holder;
 - (b) A nomination from Group Leaders for a representative of each group to include the Leisure Portfolio Holder.