

WEST DUNBARTONSHIRE COUNCIL

Report by Acting Director of Housing, Regeneration and Environmental Services (Land and Environmental Services)

Community Safety and Environmental Services Committee : 6 December 2006

Subject: Options for future provision of the Leisure Catering Services

1. Purpose

- 1.1** To outline to the Committee options available for re-instating catering services in the Meadow Sports Centre and the Play Drome Leisure Centre.

2. Background

- 2.1** Following a Best Value Review of Leisure Catering Services in 2004 a decision was taken to externalise the catering services that had been supplied by the Council's in-house catering section since 1996. At the time the catering services being provided in-house were subsidised to the approximate value of £160,000 per annum.
- 2.2** In July 2004, Morart Inns Ltd commenced the contract to provide the catering services in the leisure centres after successfully tendering for the business. In addition, they provided hospitality and function catering for a variety of events. The contractor ceased trading in January 2005 when the business went into liquidation.
- 2.3** Another tendering exercise was undertaken and Aqua Café (Loch Lomond Internet Café) was awarded the contract to provide catering services at the Play Drome and Meadow Centre with effect from August 2005. Hospitality catering was also provided by this company until August 2006 when the company ceased trading. The contract between Aqua Café and the Council was formally terminated in September 2006.
- 2.4** Temporary arrangements have been made with Ideal Services, who presently provide vending services to Council secondary schools, to provide a vending service in the leisure centres until a decision is made on the longer term future provision of catering services within the two establishments. The in-house catering service is presently providing hospitality catering for Council functions and events.

3. Main Issues

- 3.1** Several options are available to provide a catering service within the Meadow Sports Centre and the Play Drome. These include:

Option 1

Vending Only Service – Leased Vending Equipment

Vending equipment is supplied by an external provider. The Council will be required to enter into a lease / rental agreement and a fixed fee will be agreed for the use of the equipment on a quarterly or annual basis. The Council will be required to supply labour and products for the vending equipment and would retain income collected from vending sales.

Option 2

Vending Only Service – Profit share / partnership operation

Vending equipment is supplied by an external provider and the Council will be required to enter into a profit share agreement. A financial return is made to the Council based on the volume of products sold on a quarterly or annual basis. The vending company will supply and replenish food and drink products and would retain income directly collected from vending sales.

Option 3

Facility Lease Agreement with External Catering Provider

Install an external catering provider under a facility lease agreement, where the Council and the external catering provider agree a fixed quarterly or annual sum for the lease and use of the kitchen and café facilities in both leisure centres.

Option 4

Provide an in-house catering service

Re-introduce the in-house catering service on the previous deficit subsidy terms where the Council subsidises the difference between the in-house operating expenditure and the actual income generated via operation of the service.

3.2 The detailed terms of any arrangements introduced inline with the options above would require to be fully explored therefore it is not possible, at this time, to provide information on service costs and specific personnel requirements of the various options.

3.3 It is proposed that hospitality catering would continue to be provided by the Council's in-house catering service.

4. Personnel Issues

4.1 Catering personnel would require to be recruited if options 1 or 4 are considered as the preferred option. The exact detail of such personnel requirements would need to be considered fully.

5. Financial Implications

5.1 Detailed expenditure and income figures for each of the options 1 - 4 would require to be established via external competition and/or development of a Business Plan. It is therefore not possible at this time to provide detailed financial information in this regard.

5.2 It is anticipated that Options 1 - 4 would be provided at no cost to the Council however Option 4 would require to be subsidised by the Council.

6. Conclusions

6.1 Historical evidence indicates that the provision of catering services within the Council's leisure facilities is not a viable financial operation given the requirement to subsidise the in-house service provider and the financial collapse of two subsequent providers.

6.2 The options available to the Council and outlined for consideration within this report include two vending only options and two full service options. For the reasons outlined in 6.1 above, it is considered the provision of a vending only service has less risk attached than provision of a full service.

6.3 Of the two vending options being considered, it is considered that the Profit Share / Partnership service outlined in section Option 2 above offers the Council flexibility of service provision with limited risk.

6.4 Since the termination of the previous external contract, the provision of hospitality catering for Council meetings and events has been undertaken in-house by the Facilities Management Section and it is proposed that this arrangement continues.

7. Recommendations

7.1 The Committee is asked to:-

- a) note the various options outlined in Section 3.1 of this report; and**
- b) agree to the continued provision of Council hospitality catering by the Council's in-house catering service for council meetings and functions**
- c) agree to the introduction of a vending service on a profit share basis (option 2) as the preferred option in delivering a catering service to the Meadow Centre and Play Drome; and**

- d) **authorise the Director of Housing, Regeneration & Environmental Services to secure the most advantageous profit share agreement for the Council.**

Ronald M Dinnie
Acting Director of Housing, Regeneration & Environmental Services
(Land & Environmental Services)
Date: 8 November 2006

Wards Affected: All

Appendix: None

Background Papers: None

Person to Contact: Lynda McLaughlin, Manager of Commercial Operations
Telephone: (01389) 772097
E-mail: lynda.mclaughlin@west-dunbarton.gov.uk

Bob Davidson, Section Head - Facilities Management
Telephone: (01389) 608306
E-mail: bob.davidson@west-dunbarton.gov.uk