

## OVERVIEW AND SCRUTINY COMMITTEE

3<sup>RD</sup> FEBRUARY 2003

### Sport & Leisure Management Contract Handover

#### Project Update

#### 1. Background

This briefing paper provides a progress report on the Sport and Leisure Management Hand-Over Project, containing an overview of the handover process, key milestones of the project and risks that have been identified since the last update to the Overview & Scrutiny Committee of 6 January 2003.

#### 2. Contract Handover Process

Over the last month a major task of the project team has been to produce a comprehensive breakdown of issues within each of the corporate service departments i.e. accountancy, audit, operations, legal, human resources, property and ICT.

These issues have been prioritised, time-span for completion identified and transposed into a project Gantt chart, which all the project team are committed to working towards.

The project Gantt chart for January 2003 is attached (Appendix A) to the rear of this briefing paper. Members will observe the diversity and number of issues which have been identified, there are similar charts relating to each month of the project which will be circulated on future briefing papers.

#### 3. Project Objectives

- To ensure that facilities are open and fully operational for business on 1<sup>st</sup> April, 2003
- To identify all aspects of operation/management of leisure facilities to achieve successful transfer of operational responsibilities
- To select an outsourced company to manage the human resources elements of the hand-over
- To ensure that Council's interests are protected throughout the hand-over process
- To create and develop a project team which works together to meet the objectives

#### 4. Project Constraints

Resources	Other than additional HR resources, all members of project team are working within existing capacities
Time	Short life-span deadline to the project
Current Leisure Operator	Disappointed not to have secured an extension to contract, also a major dispute with regard to loss of income claim. This makes for fragile partnership working
Financial	To be carried out within existing budgets, other than additional resources to be made available for the appointment of human resources consultants
Political	The service area and project has high political profile
Management Information	Inadequate access to information
Access to current operation	Severely limited, only through negotiation with contractor

#### 5. Key Milestones

<b>November 2002</b>	Cabinet decision Implementation of communication strategy
<b>December 2002</b>	Formal notification not to extend contract with Leisure Connection Establish project team to drive hand-over forward
<b>January 2003</b>	Undertake decorative condition survey of all assets, valuation and condition of consumables Audit and assess all 3 <sup>rd</sup> party suppliers/sub contractors currently delivering services/supplies Appointment of human resource specialist company Commence TUPE transfer and union consultation Recruitment of senior management
<b>February 2003</b>	Identify ICT systems transfer process Implementation of communication/marketing strategy to advise users and non-users Confirm & source uniform/advertising literature Confirm branding for the new operation, devise leaflets etc.
<b>March 2003</b>	Distribution of marketing and publicity literature, open for business message Distribution of staff uniform and rotas for first month of operation

These form a small part of the issues for consideration identified by the project team.

## 6. Progress to date

To date the following targets have been achieved:

<b>Corporate Service Department</b>	<b>Target Achieved</b>
Legal	<ul style="list-style-type: none"> <li>• Formal notification to Leisure Connection not to extend contract</li> <li>• Termination of all leases/licences appertaining to S&amp;LMC</li> </ul>
Property	<ul style="list-style-type: none"> <li>• Undertake decorative condition/mechanical and electrical surveys of all facilities</li> </ul>
Accountancy	<ul style="list-style-type: none"> <li>• Seek clarification of direct debit runs to take place</li> <li>• Investigate safe loading levels</li> <li>• Seek information regarding insurance claim history</li> </ul>
Audit	<ul style="list-style-type: none"> <li>• Investigate/clarify current financial management systems</li> <li>• Audit cash registers</li> <li>• Audit of licenses</li> </ul>
Human Resources	<ul style="list-style-type: none"> <li>• Appoint HR consultant</li> <li>• Establish number of staff to transfer - initial establishment list</li> <li>• Ensure Leisure Connection have started formal process</li> <li>• Identify recognised trade unions for affected staff</li> </ul>
ICT	<ul style="list-style-type: none"> <li>• Audit all ICT equipment on site</li> <li>• Audit CBC ICT requirements on completion of transfer</li> <li>• Investigate server - going/staying &amp; capacity</li> <li>• If server going ICT XP bid needs to be completed</li> <li>• Clarify ICT budget available for transfer to in-house operation</li> </ul>
Operation	<ul style="list-style-type: none"> <li>• Audit of all 3<sup>rd</sup> party services/suppliers</li> <li>• Advisement letter from Leisure Connection to all 3<sup>rd</sup> party services/suppliers on expiration of their agreements 31/03/03</li> <li>• Inclusion in letter to 3<sup>rd</sup> party services/suppliers from CBC</li> <li>• Audit new uniform/name badge requirements</li> </ul>

## 7. Key Issues

The following sets out the key issues which have been identified by the project team.

Corporate Service Department	Issue	Risk	Solution
<b>Legal</b>	<ul style="list-style-type: none"> <li>• Re-negotiate 3<sup>rd</sup> party contracts</li> <li>• Transfer membership data base</li> <li>• Transfer of all licenses i.e. Bar, playing of music etc.</li> </ul>	<p>Slippage on project time table</p> <p>Data Protection Act</p> <p>Bar cannot open etc.</p>	<p>Transfer current contracts and renegotiate after handover 01/04/03</p> <p>Leisure Connection to write requesting consent to transfer</p> <p>Gain new licensee</p>
<b>Property</b>	<ul style="list-style-type: none"> <li>• Decorative/technical condition of facilities on hand-over</li> <li>• Ensure all 3<sup>rd</sup> party technical service contracts are in place</li> </ul>	<p>Sub-standard facilities</p> <p>Planned, preventative maintenance cover lost</p>	<p>Undertaking of thorough state/condition survey. These are to be presented to Leisure Connection in Feb 03. Letter to Head Office setting out implications of failure to address repairs</p> <p>Transfer present service arrangements and renegotiate contract after handover on 01/04/03</p>
<b>Accountancy</b>	<ul style="list-style-type: none"> <li>• Ensure all membership payments systems are created and on line</li> <li>• Develop all accounting and purchasing processes/procedures</li> </ul>	<p>No payments will be requested from banks or via cash transactions</p> <p>Failure to comply with standing orders</p>	<p>Issue all members with new payment arrangements, information packs etc.</p> <p>Additional resources provided on hand-over to shadow new CBC employees and/or CBC procedure training to employees prior to hand-over completion date (possible cost)</p>
<b>Audit</b>	<ul style="list-style-type: none"> <li>• Develop reconciliation and financial control arrangements</li> </ul>	<p>Failure to comply with standing orders</p>	<p>Additional resources provided on hand-over to shadow new CBC employees and/or CBC procedure training to key new CBC employees prior to hand-over completion date (possible cost)</p>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>• Delay in staff transferring to CBC</li> </ul>	<p>Failure to open facilities on 01/04/03</p>	<p>Ensure the transfer process remains on track with close monitoring</p>
<b>ICT</b>	<ul style="list-style-type: none"> <li>• Leisure Connection remove their server</li> <li>• Audit of equipment identifies gaps or aged condition</li> </ul>	<p>Procurement takes time &amp; costs</p> <p>Any new PC must be XP 2000 compliant</p>	<p>Negotiate with Leisure Connection</p> <p>Assess early to ensure purchases can be made.</p>
<b>Operation</b>	<ul style="list-style-type: none"> <li>• Audit/produce new promotion literature</li> <li>• Audit uniform/name badges requirements</li> </ul> <p>Ensure all 3<sup>rd</sup> party services/suppliers are in place</p>	<p>No CBC literature available, lack of awareness centre</p> <p>Long turn round from order to delivery</p> <p>No goods or services will be on site for 01/04/03</p>	<p>Assess early and order leaflets</p> <p>Assess early and order</p> <p>Contact 3<sup>rd</sup> party and transfer contracts to CBC renegotiate post April</p>

## 8. Conclusion

The project has had an encouraging start. At this time there are no major issues identified to prevent the handover taking place on time. The project team are however, fully investigating those aspects set out above in order to ensure the handover takes place without unnecessary expense being incurred by the council and without causing disruption to the customers and members of the facilities.

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**Background Papers:** Social & Community - Overview & Scrutiny Committee  
04/011/02  
Social & Community - Overview & Scrutiny Committee  
26/011/02

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