

**CABINET
HELD ON 12 OCTOBER 2022
(FROM 5.30 PM – 5.33 PM)**

PRESENT: Councillor Richard Cooper in the Chair, Councillors Sam Gibbs, Mike Chambers, Stan Lumley, Tim Myatt, and Graham Swift.

Late Arrivals: None

Early Departures: None

34/22 – APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES:

An apology for absence had been received from Councillor Phil Ireland,

(5.30 pm)

35/22 – DECLARATIONS OF INTEREST: There were no declarations of interest.

(5.31 pm)

36/22 – MINUTES: The Minutes of the meeting of the Cabinet held on 17 August 2022 were approved unanimously as a correct record.

(5.31 pm)

37/22 – EXEMPT INFORMATION: The report and appendices at Minute 38/22 were considered to be exempt under paragraph 3 of Schedule 12a to the Local Government Act 1972. Discussion on the item took place in open session.

(5.31 pm)

MATTER DETERMINED BY CABINET

38/22 – CATERING CONTRACT – FORWARD PLAN REF: 08HCC22: The Director of Harrogate Convention Centre submitted a written report which provided an options appraisal for future catering provision at HCC now that the current catering contractor, CH&Co, had served notice. The report outlined the background to the current situation and recommended that Option 1 Phase 1 which was to bring the catering function back in-house on an interim basis. Following this a full due diligence process would be carried out to ascertain whether running the service in-house long term would be the best option for the Council.

The report provided human resources, finance and legal assessments, although a more detailed implementation plan containing timescales and full costs would need to be developed.

RESOLVED (UNANIMOUSLY):

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That (1) approval is given to pursue Option 1 Phase 1, to bring the catering service back in-house as an interim measure now CH&Co have served notice on the contract;

(2) the Director of HCC be authorised to take the necessary action to prepare for and implement the transfer of the catering service to HCC for in-house delivery as an interim measure;

(3) a due diligence exercise is undertaken by the Director of HCC, in consultation with the Head of Finance and Head of Legal and Governance, as part of the transition to an in-house catering service to enable a decision to be taken as to whether the transfer in-house should be permanent or interim to enable a new catering partner to be procured; and

(4) approval is given to fund the cost of implementing this option, now contract notice has been served, subject to legal advice and the contract Exit Management Plan. (See Appendix 1, Schedule 1). These costs will be further clarified once an implementation plan has been drafted and a project team is in place. Management believe these costs will be in the region of £200k but could be much lower following the completion of contract termination negotiations. The implementation costs will be funded by repurposing 21/22 corporate savings. The estimated implementation cost excludes the cost of the staff transfer of £270k as indicated in section 7.1, as this will be a service running cost and form part of the wider business profit and loss account for the service.

Reasons for decision:

CH&Co have not performed in accordance with the requirements of the contract following the pandemic and the re-opening of HCC in July 2021. They have failed to comply with a number of contractual obligations, primarily those relating to investment in staff resources, replacement of light and heavy equipment and capital investment in improving fixed catering points.

Alternative options considered and recommended for rejection:

To allow CH&Co to remove the minimum commission payment and reduce all commission levels to 15%. These are significant values which management are not prepared to agree to. Additionally removing the minimum opens up HCC to the risk that catering sales could fall to zero and HCC would lose all commissions. Furthermore HCC management do not believe this option would resolve the current contract performance issues.

To procure a new contractor to replace CH&Co. This could take at least 12 months and take a significant amount of both internal and external resources and the procurement could still be unsuccessful due to industry and economic factors. Also both historic and recent evidence clearly shows that ultimately external catering contractors are concerned with making profit rather than the quality and relevance of the service provision. This will always be secondary. It is an Events Industry view that venues that attract less than 500,000 visitors per year and drive a turnover of less than £5m in catering sales, such as HCC, find that contract caterers struggle to

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make the outsourced model work, potentially due to the high amount of commission they need to pay the venue on top of their own operating costs. However this option will not be ruled out and will be fully assessed at due diligence stage.

To instruct separate caterers to provide the service for individual events. This is not a viable option as HCC would lose the existing experienced catering team as TUPE would not apply and the service would become fragmented and unworkable. There would be no overall accountability for quality of service. HCC would also still need to invest in heavy equipment and potentially an Electronic Point of Sale (EPOS) system to provide multiple suppliers with the infrastructure they would need on a temporary, individual basis whilst onsite, providing the service.

To do nothing. Now CH&Co have served notice HCC have no choice but to act to keep the HCC catering provision up and running for all future event bookings.

(5.31 pm to 5.33 pm)

(D)