

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

13 AUGUST 2013

MOBILISATION UPDATE ABOUT MEDWAY NORSE

Report from: Perry Holmes, Assistant Director, Legal and
Corporate Services

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Summary

To consider the first two months progress following transfer of facilities management to the joint venture company Medway Norse.

1. Budget and Policy Framework

- 1.1 In March 2013, Cabinet gave permission for a joint venture company, now known as Medway Norse, to be established for the provision of facilities management (FM) services from 1 June 2013.
- 1.2 The Cabinet report identified various 'traditional' facilities management activities that amounted to £6.7 million from the 2012/13 budget. Given that there have been various adjustments in setting the budget for 2013/14, the £6.7 million is now £5.8 million for the same activities. 158 staff members transferred on the 1 June, (please see the diversity impact assessment (DIA) attached for information).

2. Background

- 2.1 Since Cabinet gave permission for Medway Norse to be created, an officer mobilisation group, which includes representatives from Norse, has been working with client departments, staff transferring to Medway Norse under TUPE legislation and unions to ensure that Medway Norse was ready to start trading from 1 June 2013.
- 2.2 This was a challenging timescale. Once the call-in period had expired that left 10 weeks to mobilise. The key workstreams of TUPE, Finance, Legal and Organisational change were identified in the Cabinet report. TUPE, Finance and Legal have concluded but the organisational change continues in terms of remodelling the organisation to move towards a thin client function.

3. Advice and analysis

- 3.1 The transfer of services and staff was carried out with no impact on service provision on 1 June 2013. There have been over 700 calls raised up to the 29th July.
- 3.2 Medway Norse has the ability to trade externally. So far no external contracts have been won. Norse has bid for a cleaning contract at Maidstone in May but was not successful because a local office could not be identified at that time. Norse made a decision to not bid for the housing revenue account (HRA) repairs contract because the local office was not established at the point the tender was issued (i.e. at Pre-Qualification Questionnaire stage). Norse is currently reviewing tender opportunities that have come forward in Kent.
- 3.3 Medway Norse is developing a promotional campaign for a number of services. These include building maintenance, grounds maintenance and cleaning. Medway Norse is able to make use of the knowledge, experience and tendering department within the Norse Group, of which it is a subsidiary.
- 3.4 Medway Norse intends to carry out a customer survey during the autumn of 2013 the results of which will be reported.
- 3.5 Broadly, the transition, although still in its early stages, has worked well, this is evidenced by feedback from the customers who have found Medway Norse responsive to their requests, such as fixing the public toilets or maintenance at the bus station.
- 3.6 Issues that have arisen in relation to transition include:
 - 3.6.1 Client departments getting used to using the 0845 number for raising calls and no longer having control of the budget that previously funded their FM requirements. Promoting the number via the intranet and publishing a newsletter will address this.
 - 3.6.2 Park locking and unlocking is in its second week of mobilisation – It transferred on 22 July. The first week attracted a small number of complaints but this is being closely managed and there have been no further complaints since 29 July.
- 3.7 When a formal performance report comes to Business Support Overview and Scrutiny in December 2013, it will be in the form of a balanced scorecard. A balanced score card is a report with four domains relating to: (1) Customer, (2) Financial, (3) Learning and Growth and (4) Internal Business Processes. This scorecard was included as part of the original tendering stage and sets out the levels of performance and continuous improvement expected of the partnership. This scorecard is monitored at the meetings for the Board of Directors and Operational Liaison Board that both meet on a quarterly basis. The first meetings will be on the 20th August 2013.
- 3.8 The Board of Directors comprises of three representatives from Medway Norse and two from the Council. The Council's representatives are Councillor

Filmer (Chair of the Board and has a Council Policy veto) and Stephanie Goad, Assistant Director for Partnerships, Performance and Communications.

- 3.9 The Operational Liaison Board, which consists of representatives from Medway Norse and nine representatives from the Council. This is underpinned by the Operational Liaison Group, which meets fortnightly to discuss operational issues and has evolved from the officer mobilisation group which met at least weekly during the mobilisation period.
- 3.10 The targets for efficiency savings are set for the financial year and it is anticipated that all these targets will be met by 31 March 2014. The partnership is also based on a profit share principal and the current return to the Council is estimated at £266,000 given the reduced value of the activities that transferred on 1 June. Additional benefits for the council are already being realised by Norse referring tasks such as graffiti removal and pest control to our in-house services rather than externally.
- 3.11 Resilience is being built into the service by the recruitment of mobile handymen that can undertake minor works and a receptionist that can cover for annual leave and sickness. This has been funded by reorganising resources that will lead to overall efficiencies.
- 3.12 Medway Norse have also established a strong relationship with the council's HR department by agreeing to consider those employees in the redeployment pool and at risk of redundancy for vacancies, using our temp pool for cover and interviewing those that have expressed an interest with the council for an apprenticeship.
- 3.13 Medway Norse is interviewing on the 26 and 27 August for a Print/Post room operative and an Administrator as apprenticeships. Medway Norse has taken into account the target agreed in the contract relating to the apprentices coming from hard to reach/under-represented groups (ex-service personnel, people with disabilities and care leavers) in the recruitment process.

4. Financial and legal implications

- 4.1 The Council budget is predicated on a saving against previous cost of £200,000 in 2013/14. This will need to be achieved by a combination of profit share and a reduction in Council overheads to offset the charges made by Norse for their overhead costs. Work is on-going to identify these savings.
- 4.2 There are no direct legal implications of this update report.

5. Risk management

- 5.1 The on-going risks associated with the mobilisation relate to the meeting targets for the project set by Cabinet and agreed with Norse and starting to win external contracts; see the table below.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Transition from mobilisation and implementation to business as usual and delivery.	The project needs to meet financial and other targets set by Cabinet in year and on going.	Fortnightly meetings of Officer mobilisation project team which has now become the Operational Liaison Group to deal with post implementation issues. Regular briefing of Portfolio Holder. Medway appointments to the Medway Norse Board have been agreed. First meeting of it and the Operational Liaison Board to take place shortly. Regular reporting to Business Support Overview and Scrutiny in the work programme.	C II
Medway Norse does not win external facilities management contracts	The business case for a joint venture included the ability for Medway Norse to win external contracts, the profits from which could be shared 50/50 with the Council. This was a key driver for Cabinet approving this model.	The Board (which includes Cabinet level and senior officer representation) will monitor the activity of Medway Norse including tenders submitted and won. This will also be reported to Overview and Scrutiny on a quarterly basis. Norse as the parent company has a dedicated tender application team which will submit bids on behalf of Medway Norse.	C II

6. Recommendations

6.1 That the committee note this report.

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Background papers

12 March 2013 - Cabinet report about establishing a joint venture company:
<http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=2535&Ver=4>

<p>Directorate</p> <p>ALL</p>	<p>Name of Function or Policy or Major Service Change</p> <p>Proposed TUPE to Medway Norse</p>		
<p>Officer responsible for assessment Paula Charker, Employee Relations Manager</p>	<p>Date of assessment 10 May 2013</p>	<p>New or existing?</p> <p>New</p>	
<p>Defining what is being assessed</p>			
<p>1. Briefly describe the purpose and objectives</p>	<p>The purpose of this staffing DIA is to assess the equality impact for staff of the current proposal to transfer employees under the TUPE regulations to Medway Norse.</p> <p>The objectives of this DIA are:</p> <ul style="list-style-type: none"> • to ensure that the implications for equality for all protected characteristics are assessed as the TUPE takes place • to provide assurance that changes needed to mitigate any potential adverse impacts are either identified at the start of the process or are developed and implemented as the process of TUPE is undertaken. • to increase transparency and demonstrate to stakeholders that equality issues have been addressed in consideration of this process. 		
<p>2. Who is intended to benefit, and in what way?</p>	<p>The staff are intended to benefit by having fairness and transparency in the TUPE process.</p>		
<p>3. What outcomes are wanted?</p>	<p>The desired outcome is that the proposed TUPE is fair, transparent and non-discriminatory, and complies with employment legislation.</p>		
<p>4. What factors/forces could contribute/detract from the outcomes?</p>	<p>Contribute</p> <ul style="list-style-type: none"> • Compliance with employment legislation. • Meaningful consultation with staff and trade unions. 	<p>Detract</p> <ul style="list-style-type: none"> • Non-compliance with employment legislation. • Lack of meaningful consultation with staff and trade unions. 	
<p>5. Who are the main stakeholders?</p>	<p>Medway Council, Norse Commercial Services, the employees and the Trade Unions</p>		
<p>6. Who implements this and who is responsible?</p>	<p>Operational Liaison Board</p>		

Assessing impact		
7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial/ethnic groups</i>?	YES	No
	NO	
What evidence exists for this?	The latest workforce monitoring information for the Council (non-schools staff) shows that 8.81% of Council staff are from a BME group. 2.44% of the staff transferring to Medway Nurse are from a BME group. Therefore there is less impact on BME staff.	
8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?	YES	No
	NO	
What evidence exists for this?	The latest workforce monitoring information for the Council (non-schools staff) shows that 3.51% of Council staff are declaring themselves as disabled. 6.5% of the staff transferring to Medway Nurse are declaring themselves as disabled (8 employees). The percentage likely to be impacted upon is slightly higher but the numbers are so small that this is not significant statistically.	
9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?	YES	No
	NO	
What evidence exists for this?	The latest workforce monitoring information for the Council (non-schools staff) shows that 70.6% of Council staff are women. 60.2% of the staff transferring to Medway Nurse are women. Therefore there is less impact on female staff.	
10. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?	YES	No
	NO	
What evidence exists for this?	The latest workforce monitoring information for the Council (non-schools staff) shows that 0.004% of Council staff are declaring themselves as gay or bisexual. 0% of the staff transferring to Medway Nurse have declared themselves as gay or bisexual. The percentage likely to be impacted upon is slightly lower but the numbers are so small that this is statistically unreliable. In addition, a significant percentage of the workforce (92%) have not completed this section of the monitoring form.	
11. Are there concerns there <u>could</u> be a have a differential	YES	

<p>impact due to <i>religion or belief</i>?</p>	<p>NO</p>	<p>No</p>
<p>What evidence exists for this?</p>	<p>The latest workforce monitoring information for the Council (non-schools staff) shows that 0.06% of Council staff are declaring themselves as having a religion or belief. 0.07% of the staff transferring to Medway Norse have declared themselves as having a religion or belief.</p> <p>The percentage likely to be impacted upon is slightly higher but the numbers are so small that this is not a concern. In addition, a significant percentage of the workforce (93%) have not completed this section of the monitoring form.</p>	
<p>12. Are there concerns there <u>could</u> be a differential impact due to people's age?</p>	<p>YES NO</p>	<p>Possibly</p>
<p>What evidence exists for this?</p>	<p>The latest workforce monitoring information for the Council (non-schools staff) shows: 29 and under = 17% 30 – 39 = 18% 40 – 49 = 27% 50 – 59 = 28% 60 and over = 10%</p> <p>The age breakdown of the staff transferring to Norse are: 29 and under = 26% 30 – 39 = 16% 40 – 49 = 14% 50 – 59 = 27% 60 and over = 17%</p> <p>This shows that proportionately, more younger people and more older people are transferring to Norse but as the overall percentage of the workforce transferring is 0.5%, this is not of concern.</p>	
<p>13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i>?</p>	<p>YES NO</p>	<p>Do not know.</p>
<p>What evidence exists for this?</p>	<p>The Council does not retain specific data on the transgender or trans sexuality of employees so cannot undertake any analysis</p>	
<p>14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. speakers of other languages; people with caring responsibilities or dependants; those with an offending past; or people living in rural areas)?</p>	<p>YES NO</p>	<p>No</p>
<p>What evidence exists for this?</p>	<p>The analysis above</p>	

15. Are there concerns there <u>could</u> be a differential impact due to <i>multiple discriminations</i> (e.g. disability <u>and</u> age)?	YES	No
	NO	
What evidence exists for this?	The analysis above	

Conclusions & recommendation		
16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	YES	No
	NO	
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	N/A
	NO	
Recommendation to proceed to a full impact assessment?		
NO ✓	This service change complies with the requirements of the legislation and there is evidence to show this is the case.	
NO, BUT ...	What is required to ensure this complies with the requirements of the legislation? (see DIA Guidance Notes)?	
YES	Give details of key person responsible and target date for carrying out full impact assessment (see DIA Guidance Notes)	

Action plan to make Minor modifications		
Outcome	Actions (with date of completion)	Officer responsible
Improve monitoring of all protected categories across the council to assist with future exercises	Continue to encourage staff to complete equality monitoring via Self Serve 4 You	HR Services Senior Managers

Planning ahead: Reminders for the next review	
Date of next review	N/A
Areas to check at next review (e.g. new census information, new legislation due)	N/A
Is there <i>another</i> group (e.g. new communities) that is relevant and ought to be considered next time?	N/A

Signed (completing officer/service manager) <i>P. A. Charkon</i>	Date 10 May 2013
Signed (service manager/Assistant Director)	Date