

**BUSINESS SUPPORT  
OVERVIEW AND SCRUTINY COMMITTEE  
5 DECEMBER 2013**

**UPDATE ON MEDWAY NORSE**

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

Author: Genette Laws, Head of Category Management

**Summary**

This report provides Members with an update of the work undertaken by 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.

**2. Background**

2.1 Medway Norse provides FM services in 164 buildings plus various service provisions spread across Medway.

**3. Update**

**Volume of work and efficiencies**

3.1 Medway Norse has reviewed the model of operation and our patterns of usage of suppliers and is moving as much FM related work as possible 'in-house' to be delivered by Medway Norse directly. This is an on-going review.

3.2 The following table confirms the services that Medway Norse provides:

Statutory maintenance contracts	Printing services
Corporate cleaning	Catering
Building maintenance	Meeting room management
Security services	Health and safety management of buildings
Window cleaning	Cash collection
Public Toilet cleaning	Records management

Utilities and energy demand management MFDs (printers)	including archiving Store management Other miscellaneous FM services
-----------------------------------------------------------	----------------------------------------------------------------------------

Some of these services such as the corporate cleaning contract and the Gun Wharf café contract have transferred from third parties to be delivered by Medway Norse directly.

- 3.3 The following table will give Members an indication of activity. In total since 1 June Medway Norse have received 2,458 helpdesk calls to undertake reactive maintenance work, and these can be broken down as follows

<b>Month</b>	<b>No of helpdesk calls</b>	<b>External contactor</b>	<b>Medway Norse staff</b>
June	279	219	60
July	502	320	182
August	454	261	193
September	619	398	221
October	604	375	229

As a result of expanding the 'in-house' Medway Norse service delivery model as outlined above the average cost per job for reactive maintenance in June and July was £168.56, for the period August – October this cost reduced to £126.89.

- 3.4 Further services are being considered for transfer into the partnership. Due to commercial sensitivities these are not named in this report. However, Cabinet recently agreed to the creation of a subsidiary company in relation to grounds maintenance services. The prevalence of grounds maintenance tender opportunities, see paragraphs 3.6 and 3.7, substantiates the business case for creating a Grounds Maintenance subsidiary of Medway Norse. The subsidiary company is due to go live on 1 April and will provide all grounds maintenance services for the council.
- 3.5 The financial implications of this report will confirm that Medway Norse is on course to deliver the target rebate (income) for this first year of the company. These savings are being achieved by bringing in-house contracted services such as the catering service at Gun Wharf and the corporate cleaning contract across council buildings. Case studies will be made available in the soon to be published Newsletter from Medway Norse and this will include the recent recruitment of a handyman at a key corporate site, instead of a cleaner, who is now undertaking minor repairs that would otherwise have been undertaken by contractors. This means that there is now proactive maintenance on site, a speedy response to reactive maintenance requirements and permanent employment for a resident of Medway who previously had a zero hours contract which led to insecurity terms of income for his family.

### **External work**

- 3.6 One of the advantages of a joint venture company was the opportunity to bring in income by winning tenders for other work in and around Medway. Medway Norse is actively seeking such opportunities and has passed PQQ stage for a cleaning and grounds maintenance tender.
- 3.7 Given the commercial sensitivities related to tenders, it is not possible to share details but Medway Norse has agreed to the following information being shared in the public domain. Medway Norse has bid for mainly traditional FM services in relation to cleaning and grounds maintenance contracts. There are currently four bids that have been submitted for prequalification questionnaire (PQQ) review and these relate to cleaning and building maintenance for schools and local authorities. There are three bids at tender stage for cleaning, grounds maintenance and printing for a housing association and a local authority. There are four other tender opportunities that are being explored by Medway Norse in relation to cleaning and grounds maintenance.

### **Stakeholder engagement to develop the Medway Norse partnership**

- 3.8 Stakeholder meetings are held every Tuesday morning at different venues across Medway and agendas are shared with staff and with line manager permission open to all to attend. The Corporate Client will also raise issues and feedback responses to those unable to attend. This forum is planned to run until the end of January 2014 when it is envisaged frequency will reduce and routine meetings will return to the Corporate Client meeting with the Medway Norse Acting MD.
- 3.9 In addition building managers, split by directorate, have the opportunity of a quarterly meeting with Medway Norse and the Corporate Client to discuss building related issues.

### **Learning from other Norse joint ventures**

- 3.10 The Head of Category Management for Operational Support and the Corporate Client undertook a site visit to Waveney to meet with the council's corporate client and meet the Waveney Norse staff on the depot site. The visit was extremely beneficial in terms of information exchange and resulted in the offer of a peer review from Waveney Council senior officers. Partnership staff report to the Council, Members and Committees but this is largely because the management tier of the partnership was TUPE'd from the Council to the joint venture company. The depot in itself presents further business opportunities for Waveney Norse, such as offering MOT and car servicing to the public. Medway Norse continues to search for a suitable location for a depot that will allow for any potential to expand.

## **4. Financial and legal implications**

- 4.1 There are no direct legal implications of this update report.
- 4.2 The initial business case, as approved by Cabinet, indicated a year 1 trading surplus of £316,000 for Medway Norse. The start date of 1 June reduced this to £263,000 for the 2013-2014 financial year. The partnership agreement provided for Medway to benefit 100% of the first years trading surplus, future years to be equally split.

- 4.3 In May 2013 an updated business plan was prepared reducing the annual surplus to £267,000 reflecting changes to the value of core services transferring.
- 4.4 Monitoring reports to the Medway Norse Board, the latter on 19 November, anticipate that the surplus included in the updated business plan will be achieved.
- 5. Recommendation**
- 5.1 Overview and Scrutiny Committee Members are asked to note this report.

**Lead officer contact**

Genette Laws  
Head of Category Management, Strategy and Operational Support  
Gun Wharf  
01634 331193  
[genette.laws@medway.gov.uk](mailto:genette.laws@medway.gov.uk)

**Background papers**

Report to Cabinet 12 March 2013  
<http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=2535>  
Report to Cabinet 29 October 2013  
<http://democracy.medway.gov.uk/ieListDocuments.aspx?CId=115&MId=2762>