

CABINET

9 AUGUST 2016

MEDWAY COMMERCIAL GROUP LIMITED – FIRST YEAR QUARTER 1 REPORT

Portfolio Holder: Councillor Andrew Mackness, Corporate Services

Report from: Richard Hicks, Director of Regeneration, Culture, Environment and Transformation

Author: Tim England, Corporate Client for Medway Commercial Group Limited

Summary

This report outlines Medway Commercial Group Limited's (MCG) achievements and performance up to the first quarter in its first year of trading and its plans for future growth and development.

1. Budget and Policy Framework

- 1.1 In November 2015, Cabinet agreed to commence and establish the agreed Alternative Delivery Model for the Medway Council Control Centre (MCCC)., was a Local Authority Trading Company (LATC), with Medway Council being the Majority Shareholder and to commence trading from 1 April 2016.
- 1.2 MCG is now responsible for delivering the CCTV, Telecare, Out-of-Hours, Lone worker solution and other Personal Alarm services.
- 1.3 As part of the governance arrangements performance reports will be submitted to Cabinet on a quarterly basis.

2. Background

- 2.1 MCCC had distinct functions including CCTV Partnership, Telecare and Out-of-Hours.
- 2.2 Over the last 5 years the management team at MCCC had delivered efficiencies to reduce the cost subsidy to the current level. It was ascertained that any further reductions to the cost subsidy must come from growth through winning new business.

2.3 Creating a LATC was considered to be the best approach as it would have the flexibility to respond quickly to opportunities for growth. The new LATC was established via Companies House as Medway Commercial Group Limited (MCG); which has 2 subsidiaries:

A. Medway Public Services Limited – to trade with the Public Sector and

B. Medway Commercial Services Limited – to trade with the private sector.

2.4 The above LATC model is an innovative response to protecting a non-statutory but greatly valued service by creating a commercial legal entity that benefits taxpayers both in terms of the service that will continue to be provided and the income that it will generate for Medway Council.

3. Review of the first quarter trading

3.1 Governance

3.1.1 The Company's Board of Directors comprises of one Executive Director of MCG who is yet to be determined and two Non-Executive Directors, both representatives from the Council. The Council's representatives are Councillor Andrew Mackness (Chair of the Board and has a Council Policy veto) and Martin Garlick, Head of Customer Contact, Community Hubs and Libraries. The Board is responsible for the overall performance of the joint venture.

3.2 Summary of operations

3.2.1 During the transitional period (10 November 2015 – 31 March 2016), MCG Senior Management team ensured a smooth transfer of the services into the commercial operation. Different work streams took place to successfully meet the go-live date of 1 April 2016, which included Finance, HR, IT and Legal. MCG Senior Management team worked very closely with Medway Council internal teams to ensure the smooth transition of services.

3.3 All new business leads, enquiries and potential ideas are being successfully managed by the MCG Business Development Team. The key successes during quarter 1 have been:

- Establishment of a presence through a permanent office within the Medway NHS Foundation Trust Hospital, working with the Home First team to introduce Telecare, allowing prompt hospital discharge. This has resulted in steady growth of Telecare connections.
- Steady growth of Telecare referrals from Medway Council Adult Social Care.
- Expansion on the use of Rapid Deployment CCTV within commercial establishments.
- CCTV Capital Projects – Kent County Council Highways regeneration (Gravesham Rathmore road scheme).

3.4 At the beginning of the first quarter (1 April 2016), MCG achieved all transition work streams including Legal, Financial, HR and ICT framework, except for

the new bespoke digital telephony, which was delayed due to the late signing of the contract between Medway Council ICT and the contractor, but will be successfully implemented during quarter two.

- 3.5 After Medway Council's Health & Safety (H&S) visit, it was recommended that in some parts of the facility, working conditions for staff had to be improved, therefore some essential works to reconfigure the site have been commissioned and will be commencing in July. Some of the changes include: soft seating area for staff to relax in their breaks during the 12 hour shift, creation of a meeting room for client meetings, renovations to the existing toilets and kitchenette area.

- 3.6 A new staff uniform has now been issued to all staff and bespoke MCG branding is being installed throughout the premises, enhancing the corporate image.

3.7 The workforce – creating local employment

- 3.7.1 The current workforce exceeds 50 personnel, making MCG a reasonably sized local employer.
- 3.7.2 It is envisaged that as the business within the MCG develops, further employment opportunities will be created, enhancing local employment prospects.

3.8 The corporate client function

- 3.8.1 Regular meetings take place between the MCG team and the corporate client representatives to fully understand their service needs and to establish an effective working relationship. The outcomes and actions arising from these meetings are continuing to form the basis for the development of service management action plans.
- 3.9 Responsibility for the Corporate Client for CCTV now lies with the Head of Safer Communities, Tim England.
- 3.10 Responsibility for the Corporate Client for Telecare lies with the Head of Better Care Fund, John Britt.
- 3.11 In addition, service managers can raise day-to-day service issues directly with MCG.

3.12 Rebate (income/reduction in cost subsidy) for the Council

- 3.12.1 For 2016/17 MCG has projected a reduction in cost subsidy of £57,900, which the Council will receive. MCG is currently forecasting to exceed this projection by approximately 30%, making the total reduction in cost subsidy of £75,000 for the first year for Medway Council.
- 3.12.2 MCG is on target to achieve its agreed accumulated savings for the next two financial years 2016/17 and 2017/18.

3.13 Quarter 2 (July 2016 – September 2016) Priorities

- 3.13.1 During quarter 2, an external development / training / mentoring organisation will be commissioned; one of the key points of focus being the 'Leadership Development Programme' for the CEO, enabling him to strategically lead the organisation. Whilst working closely with the external organisation, any other individuals, teams or organisation developments will also be considered.
- 3.13.2 Working closely with other Public/Private sector organisations to develop a strategic partnership with MCG.
- 3.13.3 Networking with other Public Sector organisations to increase business opportunities for MCG.
- 3.13.4 Engaging with private sector clients to enhance MCG business opportunities.
- 3.13.5 Developing key marketing strategies, specifically relating to each MCG business area.
- 3.13.6 Maximising efficiencies and effectiveness of MCG operations through the introduction of lean processes and systems.
- 3.13.7 Investment in research and development to ensure that most appropriate and competitively priced technology is introduced within MCG, resulting in MCG staying ahead of its competitors.

4. Legal, financial and risk implications

4.1 Legal implications

- 4.1.1 There are no direct legal implications from this update report.

4.2 Financial implications

- 4.2.1 The Council's budget for 2016/17 has set an income target of £57,900 which is to be exceeded as indicated above.

4.3 Risk implications

- 4.3.1 There are no risks identified during or at the end of quarter 1. MCG has a Corporate Risk Register in place which is regularly monitored by the MCG Board.

5. Recommendation

- 5.1 The Cabinet is recommended to note the achievements and performance of Medway Commercial Group Limited (MCG) for the first quarter of 2016 as detailed in the report.

6. Suggested Reasons for Decision

- 6.1 When Cabinet agreed to establish the LATC it was also agreed that regular monitoring reports would be provided to Cabinet.

Lead officer contact

Tim England
Corporate Client for MCG
Gun Wharf
01634 333534
tim.england@medway.gov.uk

Appendices

None

Background papers

Cabinet Approval for the creation of an Alternative Delivery Model – report to Cabinet
24 November 2015
<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=28936>