

CABINET

24 OCTOBER 2017

MEDWAY COMMERCIAL GROUP LIMITED 2017/2018 SIX MONTHLY REPORT

Portfolio Holder: Councillor Andrew Mackness, Children's Services
(Lead Member)

Report from/ Author: Ian Price, Medway Commercial Group Limited

Summary

This report outlines Medway Commercial Group (MCG) Limited's achievements and performance over the past six months, and its plans for future growth and development. As the report demonstrates, MCG is thriving under the strategic leadership of the Board, Senior Management Team and continues to go from strength to strength.

1. Budget and Policy Framework

- 1.1 In November 2015, Cabinet agreed to commence and establish the Alternative Delivery Model for the Medway Council Control Centre (MCCC), being 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 CCTV, Telecare, Out-of-Hours, Lone Worker Solutions and other Personal Alarm Services, Schools Traded Services, Schools Governance Services, Schools Human Resources (HR) and Temporary and Interim staffing. There is currently no immediate plan to migrate Health and Wellbeing or Category Management Services, though this will be further reviewed in early 2018.
- 1.3 As part of the governance arrangements, performance reports are submitted to Cabinet on a six monthly basis.

2. Background

- 2.1 MCCC initially had distinct functions including CCTV Partnership, Telecare and Out-of-Hours.
- 2.2 Over the last five years, the management team at MCCC 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 will have the flexibility to respond quickly to opportunities for growth. The newly established LATC was established via Companies House as Medway Commercial Group Limited (MCG); which has two 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 trading

3.1 Governance

- 3.1.1 The Company's Board of Directors comprises one Executive Director of MCG (Ian Price) and four Non-Executive Directors. The Council's representatives are: Councillor Andrew Mackness (Chair of the Board), Martin Garlick, Head of Customer Contact, Community Hubs and Libraries, and Carrie McKenzie, Assistant Director, Transformation. 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's 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's Senior Management team worked very closely with Medway Council's internal teams to ensure the smooth transition of services.
- 3.2.2 All new business leads, enquiries and potential ideas are being successfully managed by the MCG Business Development Team. The key successes during this trading period have been:
 - Continuing to progress in promoting Telecare through a permanent office within the Medway NHS Foundation Trust Hospital – working with the Home First team, utilising Telecare, allowing prompt hospital discharge. This has resulted in a steady growth of Telecare connections.

- Extensive work is being undertaken within the Telecare arena to upgrade the software system to give MCG a Unique Selling Point (USP) in the marketplace.
- Steady growth of Telecare referrals from Medway Council Adult Social Care.
- Steady growth of Telecare referrals from Private Clients within Kent.
- Expansion on the use of Rapid Deployment CCTV within commercial establishments.
- Manned guarding services to building sites implemented.
- CCTV Capital Projects – Continuing with Kent County Council Highways Regeneration Program (Gravesham Rathmore Road Scheme and Maidstone Cobtree Park Schemes).
- Key relationships being developed with Public and Private Sector organisations, enabling MCG to reach out to a wider audience.
- Successfully enhancing the key business development relationship between MCG and Medway Norse. This has the potential to increase the market share for both organisations.
- Reduction in monitoring of Safer Medway Partnership (SMP) radios has aided the Control Centre efficiency.
- Integration of TUPE transfers from Schools Traded Services, Governor Services and the HR / Temp team.

3.2.3 During this trading period, MCG has completed all transition work streams, including Legal, Financial, HR, ICT framework and an upgrade to its existing Finance System (Sage 50 to Sage 200). A new finance team is in place.

3.2.4 After Medway Council's Health & Safety (H&S) visit, all essential building works to reconfigure the site have now been successfully completed. These works were necessary due to the dilapidated condition of the building, which had no climate control and because of the previously poor layout, some staff had been working in corridors. The reconfiguration included creating a soft seating area for staff to relax in on their breaks during 12-hour shifts, the construction of a meeting room for client meetings, and renovations to the existing toilets and kitchenette area.

3.2.5 The admin team has also relocated to offices on the 2nd floor of the Innovation Centre giving Medway Council circa £32k of annual rental income.

3.2.6 Bespoke MCG branding has been installed throughout the premises, enhancing the corporate image.

3.3 **The workforce – creating local employment**

3.3.1 The current workforce consists of 72 FTEs, making MCG a reasonably-sized local employer.

3.3.2 It is envisaged that as the business within MCG develops, further employment opportunities will be created, enhancing local employment prospects.

3.3.3 Further growth is anticipated through the Ocelot operating model.

3.4 The corporate client function

- 3.4.1 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.
- 3.4.2 Corporate Client responsibility for CCTV now lies with the Head of Safer Communities, Tim England.
- 3.4.3 Corporate Client responsibility for Telecare lies with the Head of Better Care Fund, John Britt.
- 3.4.4 In addition, service managers can raise day-to-day service issues directly with MCG.

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

- 3.5.1 For 2017/18, MCG is predicting a surplus of circa £254,000 for this financial year.
- 3.5.2 MCG is on target to achieve its agreed accumulated savings for the next two financial years.

3.6 Ongoing Priorities

- 3.6.1 During quarter 2, an external development / training / mentoring organisation saw an amendment to the structure of the 'Leadership Development Programme' for the CEO, enabling him to strategically lead the business development within the organisation. Whilst working closely with the external organisation, any other individuals, teams or organisation developments will also be considered.
- 3.6.2 Continuing to work closely with other Public/Private sector organisations to develop a strategic partnership with MCG.
- 3.6.3 Continuing to work strategically with Civica to enable MCG to offer its services nationwide.
- 3.6.4 Continuing to work jointly with Medway Norse to win potential joint work, examples of which are an £87k manned guarding contract.
- 3.6.5 Networking with other Public Sector organisations to increase business opportunities for MCG.
- 3.6.6 Engaging with Private Sector clients to enhance MCG business opportunities.
- 3.6.7 Developing key marketing strategies, specifically relating to each MCG business area.
- 3.6.8 Maximising efficiencies and the effectiveness of MCG operations through the introduction of lean processes and systems.

3.6.9 Investment in research and development to ensure that the 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 As MCG is expanding into other areas and additional Medway Council services integrating as standalone subsidiaries of the Group; the existing Medway Public Services Limited subsidiary (which provides all its current services to Medway Council and Public Sector Bodies), will continue to do so rather than MCG Ltd directly.

4.2 Financial implications

4.2.1 The Council's budget for 2017/18 has set an income target of £254,000 which will be achieved as indicated in paragraph 3.5.

4.3 Risk implications

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

5. Recommendations

5.1 It is recommended that the Cabinet note the achievements and performance of Medway Commercial Group Limited (MCG) for the first six months of 2017/18, 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.

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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>