

**DEVON CATERING AND CLEANING SERVICES
PROPOSED JOINT VENTURE : FINAL BUSINESS CASE**

**Joint Report of the Executive Director of Children & Young People's Services,
Director of Finance and County Solicitor**

Please note that the following recommendation is subject to approval by the Executive and confirmation under the provisions of the Council's Constitution before taking effect.

Recommendations:

Subject to approval of the final financial, legal and pension arrangements and the final version of the Business Case by the Leader and the Cabinet Member for Schools and Skills who will nominate members to be authorised for the purposes of signing off the arrangement.

Cabinet:

- (i) agrees to the formation of a Joint Venture Company, Devon Norse Limited with the Council becoming a shareholder in that company together with Norse Commercial Services (Norse) on the basis as outlined in the Business Case.
- (ii) agrees that the transfer of the cleaning and caretaking element takes place on [1 September 2011] or such earlier date as is possible.
- (iii) authorises the County Solicitor to enter into all necessary legal documentation to complete the transfer and subsequently to attend and vote on behalf of the Council at all general meetings of Devon Norse Limited consulting the Leader of the Council as to how any votes are to be exercised.
- (iv) considers the appointment of two Directors to the Board of Devon Norse Limited.

1.0 CONTEXT

1.1 At the Cabinet meeting on 12 January 2011 it was agreed that, subject to the approval of a final Business Case, consent be given to establishing a joint venture company with Norse Commercial Services with the intention that cleaning and caretaking transfer on 1 April 2011 with catering to follow on 1 September 2011.

1.2 It has not been possible to finalise the Business Case as certain key information is required in particular around the question of the pension arrangements. In view of this it is recommended that approval of the final Business Case be delegated to the Leader and the Cabinet Member for Schools and Skills and that the transfer of cleaning and caretaking be deferred until 1 September, when it could transfer alongside catering. However, it is hoped that the transfer could take place at an earlier date (hoped to be 1 June 2011) after the approval of

the final Business Case and the financial, legal and pension issues have been resolved satisfactorily.

13 The Business Case as it has been developed to-date is attached.

2.0 PROGRESS SINCE LAST MEETING

2.1 Since the previous Cabinet meeting a number of joint meetings have taken place with:

- Directors of Norse Commercial Services and representatives of the Authority
- Legal representatives of Norse Commercial Services and the Authority
- HR representatives of Norse Commercial Services, the Authority and Trade Union representatives

These have proved to be positive and constructive and mapping out milestones for the future, should this recommendation be approved.

3.0 SUSTAINABILITY CONSIDERATIONS

3.1 The proposed Joint Venture will, by developing a bespoke service for customers, help sustain the local community by keeping resources and jobs in Devon.

4.0 EQUALITY CONSIDERATIONS

4.1 All staff associated with current services will be treated equally and fairly in respect of their current pay and conditions. An Equality Impact Needs Assessment has been completed and will be reviewed in due course.

5.0 LEGAL CONSIDERATIONS

5.1 The joint venture with Norse will be underpinned by several legal documents, being the Articles of Association of the Devon Norse (dealing with the governance arrangements of the company); a Shareholders Agreement (dealing with the arrangements as between the two shareholders i.e. the Council and Norse; a Transfer Agreement (between the Council and Devon Norse dealing with the transfer of the staff, assets etc); and a service agreement between the Devon Norse and the Schools which wish to buy back the cleaning and catering services.

5.2 These documents are currently being reviewed by officers and key issues will be discussed with Norse through the Officer Implementation Group (comprising County Solicitor, Director of Finance and Director of Employment Strategy).

5.3 An opinion has been obtained from Counsel which confirms that the County Council can enter into this arrangement with Norse.

6.0 RISK ASSESSMENT

- 6.1 A full risk assessment is part of the DCCS Project Board responsibilities. All risks are reviewed on a three-weekly cycle and mitigation measures put in place as appropriate. The two main risks are:
- (a) Pension liabilities;
 - (b) Insufficient buy-back from schools.

7.0 CONCLUSION

- 7.1 There are some matters that need to be resolved with Norse not least being the issue of pensions. Accordingly, the Officer Implementation Group referred to in paragraph 5 above will address these matters with Norse and the Business Case will be finalised accordingly.
- 7.2 Once this Group is satisfied that everything is in place to complete the matter they will take report to the members as required by the recommendation.

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Jan Shadbolt
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ELECTORAL DIVISION: ALL

Local Government Act 1972
Background Papers:

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