

Cabinet Sub Committee (Medway Norse Ltd Shareholder Board) – Supplementary Agenda No.1

A meeting of the Cabinet Sub Committee will be held on:

Date: Thursday, 6 June 2024

Time: 6.00pm

Venue: Training Room - Medway Park Leisure Centre, Mill Road,
Gillingham, Kent ME7 1HF

Membership:	Councillor Simon Curry (Chairperson)	Portfolio Holder for Climate Change and Strategic Regeneration
	Councillor Harinder Mahil	Portfolio Holder for Heritage, Culture and Leisure
	Councillor Tristan Osborne	Portfolio Holder for Community Safety and Enforcement

Agenda

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|---|--|-----------------|
| 4 | Draft Business Plan 2023 - 2028 | (Pages 3 - 8) |
| 5 | Review of the company's risk register and finances | (Pages 9 - 12) |
| 6 | Exclusion of the Press and Public | (Pages 13 - 58) |

For further information please contact Jon Pitt and Teri Reynolds - Democratic Services Officers on Telephone: 01634 332715/332104 or Email: Democratic.Services@medway.gov.uk

Date: 31 May 2024

Information for the press and public

Members of the press and public can watch council meetings online via the livestream.

Details of the livestream will be on our website ahead of each meeting. See the [Medway Council meetings calendar](#).

Reporting and filming

Members of the press and public are entitled to report on this meeting except where the public are excluded, as permitted by law. Reporting includes filming and recording of the proceedings and use of the internet and social media such as tweeting and blogging to report the proceedings.

If you want to film the proceedings you should contact our media team in advance on 01634 332 736 or by email at pressoffice@medway.gov.uk.

Please sit in the front row or other designated area if you wish to report on the meeting.

If you are attending and do not wish to be filmed or recorded please sit at the back of the public seating area.

Fire and Evacuation Procedures

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When you hear the fire alarm, please make your way out of the building in an orderly manner, following the fire exit signs.

Do not use the lift and do not stop to collect personal belongings. Once outside the building, please make your way to the nearest assembly point. Do not re-enter the building until told to do so by the senior sports officer.

Parking

Parking at Medway Park will be free of charge to those attending this meeting. Attendees will need to enter their vehicle details at one of the parking terminals in reception upon arrival.



Cabinet Sub Committee
(Medway Norse Ltd Shareholder Board)

6 June 2024

Draft Business Plan 2023 - 2028

Report from/author: Ruth Du-Lieu Deputy Director Place & Norse Client Lead

Summary

This report presents the draft business plan for Medway Norse which was originally drafted in 2023. Due to the change in administration and the subsequent work to review the joint venture (JV) (delaying any extension to the core contract), the business plan was not ratified in 2023.

As we are now positively progressing the JV collaboratively and implementing the new governance, this business plan is being presented as a draft document for discussion only. It should be noted this business plan has been drafted by Medway Norse without any input from Medway Council given the lapse in strategic planning for the JV in 23/24. Further work is required under the new governance arrangements to agree a strategy for the JV and then redraft the business plan and resubmit to the subcommittee to be ratified.

1. Recommendations

1.1 That the Cabinet Subcommittee:

1.1.1. notes the content of the draft business plan.

1.1.2. provides a steer on the contents and format of the revised business plan and how the subcommittee would like Medway Norse to proceed in reviewing and drafting the final version.

1.1.3. agree timescales and governance for the final business plan.

2. Suggested reasons for decisions

2.1 The Subcommittee is requested to consider the recommendations above and approve or direct on an alternative course of action.

3. Budget and policy framework

- 3.1 The decision is within the Council's policy and budget framework including the Council Plan. The receipt of regular reports to shareholder board and the opportunity to hold to account the Chief Executive and the Chair of the Board of Directors in respect of the companies performance aids and enhances transparency and accountability of the Council's LATCOs.
- 3.2 This report has been circulated separately to the main agenda. Therefore, the Cabinet Sub Committee is asked to accept this report as urgent to ensure there is no unnecessary delay in development of the MN Business Plan given that the next scheduled meeting of the Sub Committee does not take place until 27 August 2024.

4. Background

- 4.1 In December 2023 the Cabinet approved the establishment of three shareholder boards (Cabinet Subcommittees) one for each of its LATCOs. At the inaugural meetings of the shareholder boards (save for the subcommittee for Medway Norse), each subcommittee approved revised Articles of Association and a Memorandum of Understanding (MOU). The MOU detailed a reporting schedule to ensure that the shareholder boards received regular reports on the performance of the company and other matters so that the shareholder boards could exercise appropriate oversight and corporate governance over the activities of the company.
- 4.2 The company has submitted the following document for consideration by the Cabinet Sub Committee:

4.2.1 Draft Business Plan 2023 - 2028 (Exempt Appendix A)

5. Client Officer observations and recommendations

- 5.1 In the revised governance arrangements for Medway Norse LATCO, Ruth Du-Lieu is the Lead Client Officer. On this basis, these are the observations and recommendations relating to progressing the draft Business Plan.
 - ❖ The draft plan was formulated in 2023. Due to the change in administration and the subsequent work to review the joint venture (JV) (delaying any extension to the core contract), the business plan was not ratified in 2023.
 - ❖ As we are now positively progressing the JV collaboratively and implementing the new governance, this business plan is being presented as a draft document for discussion only. It should be noted this business plan has been drafted by Medway Norse without any input from Medway Council given the lapse in strategic planning for the JV in 23/24.
 - ❖ The client officer recommends that the work that has started to review the JV is progressed. The outputs of the recent workshop are being turned into an action plan. This plan will include the establishment of a strategy

for the JV which will be set by the Administration working collaboratively with CMT.

- ❖ Until the strategy for the JV is agreed, the business plan cannot be progressed.

6. Risk management

6.1 Risk management is an integral part of good governance. The Council has a responsibility to identify and manage threats and risks to achieve its strategic objectives and enhance the value of services it provides to the community.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Insufficient oversight of LATCO activity and performance	The company's objectives and performance do not align with the councils aspirations	Shareholders boards have been established to received regular reports for the LATCO and provide steer to the company Chief executive and Chair of the board of Directors on their expectations	CIV
Council exposure to unknown risks	The company's activities expose the council financial and / or reputational / strategic risk	Regular reporting to the shareholder board on activity and risks	CIII
		A scheme of delegation ensure more significant decisions are taken at more senior levels within the company/ council.	CIV

For risk rating, please refer to the following table:

Likelihood	Impact:
A Very likely	I Catastrophic
B Likely	II Major
C Unlikely	III Moderate
D Rare	IV Minor

7. Consultation

7.1 N/A

8. Climate change implications

- 8.1 [The Council declared a climate change emergency in April 2019](#) - item 1038D refers, and has set a target for Medway to become carbon neutral by 2050.
- 8.2 There are no direct implications arising from this report or the draft business plan, any that do arise are contained within the individual reports from the LATCO.

9. Financial implications

- 9.1 There are no direct financial implications arising from this report.

10. Legal implications

- 10.1 The shareholders own the business, however the day to day management of the business is the responsibility of the Partnership Director and the Board of Directors. The shareholders responsibility derives from the Articles of Association (which set out the company's purpose and governance framework) and the Memorandum of Understanding sets out the operational decision making framework.
- 10.2 As a shareholder, the subcommittee is entitled to receive regular reports from the Board of Directors on the company's activities, its performance and its financial outlook over the next quarter and beyond. The shareholders need to be confident that the company's Partnership Director and the Board of Directors can deliver on the approved business plan and to be informed if there are any material changes to the business plan or divergences from expected returns.

Lead officer contact.

Ruth Du-Lieu, Deputy Director, ruth.dulieu@medway.gov.uk

Appendices

Appendix 1 – Cabinet Sub-Committees Terms of Reference
Exempt Appendix A - Business Plan 2023/24

Background papers

None

Terms of Reference

Cabinet Sub-Committees

Overview

- 4.1. There shall be three Cabinet Sub-Committees, known as Shareholder Boards, and these Boards shall exercise Medway Council's role as shareholder for the following Council owned (or part owned) companies, including their subsidiaries:
 - 4.1.1. Kyndi Ltd and its subsidiaries: Kyndi Care Ltd and Medway Public Services Ltd;
 - 4.1.2. Medway Development Company Ltd and its subsidiaries: Medway Development Company (Land and Projects Ltd) and Medway Development Company (PRS) Ltd;
 - 4.1.3. Medway Norse Ltd – joint venture with Norse Commercial Services Ltd.
- 4.2. The Shareholder Boards act with the delegated authority of the Cabinet to ensure that the duties and responsibilities of the Council as the sole shareholder (or as part of a joint venture) are exercised through each company, including but not limited to exercising decisions that are reserved to the shareholder and responding to matters raised by the board of directors, except for those matters set out in paragraph 4.4 below, which will remain matters reserved for consideration and decision by the Cabinet. The Shareholder Board are responsible for ensuring that the companies are providing high quality services, value for money and are fit for purpose.
- 4.3. The Shareholder Boards will not have operational control over the Council's owned (or part owned) companies. The day to day operation of each company is the responsibility of the Directors of each company. Operational liaison with these companies will be undertaken between the client service of the Council and the Managing Director of each company.
- 4.4. The Cabinet has reserved decision making power in respect of each of the companies and this is detailed in the scheme of delegation set out in each memorandum of understanding.

Membership and meetings

- 4.5. Membership of each Shareholder Board shall be three Cabinet Members, appointed by the Leader of the Council. The Chairperson of each Board shall also be appointed by the Leader of the Council. Cabinet Members appointed to the Shareholder Boards shall undertake any training as directed by the Assistant Director Legal and Governance.
- 4.6. The Chief Executive, Assistant Director Legal and Governance and Chief Operating Officer plus the nominated lead officer for each Shareholder Board

shall be invited to attend meetings and provide advice as required. Democratic Services shall provide governance and administrative support to the Shareholder Boards. Other Council officers and representatives of the Companies, plus any other officers/advisors shall be invited to attend meetings as required.

- 4.7. The quorum for the Shareholder Boards shall be two Cabinet Members.
- 4.8. Each Shareholder Board shall meet quarterly, or as required, and the Council's Access to Information rules shall apply accordingly. The call-in rules specified in section 15 of the Overview and Scrutiny rules shall apply to decisions made by the Shareholder Boards in the same way that apply to Cabinet decisions. The Shareholder Board shall comply with all other requirements set out in the Council's Constitution.
- 4.9. The Council's Overview and Scrutiny committees shall retain its scrutiny function in relation to the companies' activities and may request reports for consideration at their meetings accordingly.
- 4.10. In cases where it is not possible to convene a meeting of a Shareholder Board, the Assistant Director, Legal and Governance, in consultation with the relevant Chairperson for each Shareholder Board, has been granted delegated authority to take decisions that are required as a matter of urgency, in accordance with the Council's Access to Information rules.

Matters reserved for the Shareholder Boards

- 4.11 The Cabinet Sub Committees have reserved decision making power in respect of each of the company and this is detailed in the scheme of delegation set out in each Memorandum of Understanding.

Cabinet Sub Committee
(Medway Norse Ltd Shareholder Board)

6 June 2024

Review of the Company's Risk Register

Report from / author: Phil Watts, Chief Operating Officer (Section 151 Officer)

Summary

This covering report introduces the strategic risk register for Medway Norse Ltd. The risk register itself is attached as an exempt appendix.

1. Recommendations

1.1. The sub-committee is asked to note the contents of the report and its appendix.

2. Suggested reasons for decision

2.1. In order to fulfil its role as shareholder, on behalf of the Council, the sub-committee must be regularly updated regarding the risks affecting the company and its activity and the action being undertaken to manage those risks.

3. Budget and policy framework

3.1. Medway Council and Norse Commercial Services are the joint shareholders of the Medway Norse Ltd. joint venture and its subsidiaries, with the exercise of the Council's shareholder powers and responsibilities being an executive function of the Cabinet. Cabinet has delegated these powers and responsibilities to this Cabinet sub-committee.

3.2. This report has been circulated separately to the main agenda. Therefore, the Cabinet is asked to accept this report as urgent to ensure that the Sub Committee is able to review and comment on the Risk Register at the earliest opportunity given that the next scheduled meeting of the Sub Committee does not take place until 27 August 2024.

4. Background

4.1. At its meeting on 12 March 2013, the Cabinet agreed to establish a joint venture company with Norse Commercial Services Ltd. to deliver facilities management services on behalf of the Council. Over the past ten years, waste collection, street cleansing and green spaces were subsequently transferred to the joint venture company and it was also awarded contracts for certain SEND transport routes and to deliver services to the Housing Revenue Account.

4.2. The initial partnership agreement was signed for a ten year period, expiring at the end of June 2023. A five year extension has been agreed in principle and a letter

of intent exchanged, however at the time of writing a new contract has not yet been agreed. Services continue to be delivered under implied terms.

5. Key points to note

- 5.1. The risk register attached at the Exempt Appendix 1 has been derived from a more comprehensive document prepared by the company and employs a slightly different scoring methodology, however it is one that still allows risks to be ranked and prioritised.
- 5.2. The risk register is comprehensive, including closed risks and those being managed under 'business as usual', in addition to those which require further management action.
- 5.3. Of the 60 risks identified in the register, 16 are deemed *high* risk and a further 11 *very high*. The sub-committee is asked to note those scored as *very high* risk...:
 - Risk 2, a workplace transport accident.
 - Risk 8, a major transport accident.
 - Risk 24, a failure to collect income for services provided.
 - Risk 37, failure to deliver climate change objectives.
 - Risk 38, financial pressures as a result of macro-economic conditions.
 - Risk 45, the Council making significant changes to service specifications, impacting on capital requirements.
 - Risks 43,44,46 and 68, a number of risks (four) associated with the change in overall control of the Council impacting Board membership and decision making.
 - Risk 47, failure to keep pace with changing technology.

6. Risk management

- 6.1. The mitigating action is all clearly set out in the appendix.

7. Consultation

- 7.1. The risk register is regularly reviewed by the Board, comprising three directors appointed by NCS Ltd. and two officers appointed as directors by the Council.

8. Financial implications

- 8.1. There are no financial implications arising directly from the contents of this report.

9. Legal implications

- 9.1. There are no legal implications arising directly from the contents of this report.

10. Conclusions

- 10.1. The company takes risk management seriously and maintains a comprehensive strategic risk register, as well as detailed risk registers for individual schemes.

The scoring reflects management action and this appears to be successful in managing the risks identified.

Lead officer contact

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phil.watts@medway.gov.uk

Appendices

Exempt Appendix 1 – Medway Norse Ltd. Strategic Risk Register

Background papers

None

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Cabinet Sub-committee (Medway Norse Ltd Shareholder Board)

6 June 2024

Exclusion of the Press and Public

Report from: Bhupinder Gill, Assistant Director, Legal and Governance

Author: Jon Pitt, Democratic Services Officer

Summary

This report summarises the content of exempt appendices, which, in the opinion of the proper officer, will contain exempt information within one of the categories in Schedule 12A of the Local Government Act 1972. It is a matter for the Cabinet Sub-committee to determine whether the press and public should be excluded from the meeting during consideration of these documents.

1. Recommendation

- 1.1 The Cabinet Sub-committee is required to decide whether to exclude the press and public during consideration of the following documents because consideration of these matters in public would disclose information falling within one of the descriptions of exempt information contained in Schedule 12A to the Local Government Act 1972, as specified below, and, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

Report Title	Draft Business Plan 2023 - 2028
Agenda Item	4
Summary	This Exempt Appendix sets out the Draft Medway Norse Ltd Business Plan
Category of exempt information (Schedule 12A of the Local Government Act 1972)	Not for publication under paragraph 3 of Schedule 12A of the Local Government Act 1972 – Information relating to financial or business affairs of any particular person (including the authority holding that information).

Report Title	Review of the Company's Risk Register
Agenda Item	5
Summary	This Exempt Appendix sets out the Medway Norse Ltd Risk Register.
Category of exempt information (Schedule 12A of the Local Government Act 1972)	Not for publication under paragraph 3 of Schedule 12A of the Local Government Act 1972 – Information relating to financial or business affairs of any particular person (including the authority holding that information).

- 1.2 Members are advised that the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 requires 28 clear days' notice of a Cabinet or Cabinet Sub-Committee meetings to be held in private.
- 1.3 Notices of intention to conduct business in private were originally issued on 1 May 2024 for the above reports.
- 1.4 This report confirms the previous notices of intention to conduct this business in private.

Lead Officer Contact

Bhupinder Gill, Assistant Director, Legal and Governance

E-mail: bhupinder.gill@medway.gov.uk

Appendices

None

Background Papers

[Forward Plan – Cabinet 4 June 2024, Cabinet Sub Committees 30 May, 6 June and 11 June 2024](#)

NOT FOR PUBLICATION

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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