

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, 21 November 2024

Time: 7.00pm

Venue: St George's Centre, Pembroke Road, Chatham Maritime, Chatham
ME4 4UH

Items previously marked to follow:

- | | | |
|----------|---|-----------------------|
| 5 | Medway Norse Ltd Financial Monitoring Q2 2024/25 | (Pages 3 - 36) |
| 6 | Exclusion of the press and public
There are no exempt papers. | |

For further information please contact Vanessa Etheridge, Democratic Services
Officer on Telephone: 01634 332115 or Email:
democratic.services@medway.gov.uk

Date: 19 November 2024

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Cabinet Sub Committee
(Medway Norse Ltd Shareholder Board)

21 November 2024

Medway Norse Ltd
Financial Monitoring Q2 2024/25

Portfolio Holder: Simon Curry, Portfolio Holder for Climate Change and Strategic Regeneration

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

Summary

This covering report introduces the second quarter's (Q2) financial monitoring for Medway Norse Ltd under new governance arrangements established earlier this year. A summary of the financial forecasts provided by the company is provided.

1. Recommendations

- 1.1. The Cabinet Sub Committee is asked to note the contents of the report and Appendix 1 to the report.

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 apprised of the financial performance of the Company.

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.

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 Draft Business Plan for the Company was approved at the Cabinet Sub Committee meeting held on 6 June 2024. This included financial projections for the five financial years 2023 - 2028, against which financial performance is monitored.

5.2. The table below presents the joint venture's forecast outturn for 2024/25 based on the second quarter's monitoring projections.

	2024/25 Budget £	Forecast Year End 2024/25			Variance to budget £
		Medway Council £	Other Income £	Total £	
Income	36,673,913	33,466,242	2,532,534	35,998,776	(675,137)
Direct Costs	(32,401,070)	(29,358,713)	(2,221,700)	(31,580,413)	820,657
Gross Profit	4,272,843	4,107,529	310,834	4,418,363	145,520
Indirect Costs	(2,528,081)	(2,467,871)	(186,754)	(2,654,625)	(126,544)
Norse Overhead	(1,121,771)	(999,000)	(117,814)	(1,116,814)	4,957
Trading Profit	622,991	640,658	6,266	646,924	23,933
Profit Share	(311,496)	(320,329)	(3,133)	(323,462)	(11,967)
Tax	(77,874)	(79,298)	(1,567)	(80,865)	(2,991)
Net Profit	233,622	241,031	1,566	242,597	8,976

5.3. The Strategic Plan projected turnover of £34.6million for 2024/25 and a rebate to the Council of £505,898. However, the latest monitoring is set against a revised budget, predicting an increased turnover of almost £36.7million, but a reduced trading profit and a rebate of just £311,496.

5.4. As at Quarter 2, the Company is forecast to deliver an outturn broadly in line with this revised budget – slightly lower turnover, but a slightly higher trading profit and a rebate to the Council of £323,462.

6. Risk management

6.1. The Company's strategic risk register was reported at the previous meeting and can be found [here](#).

7. Consultation

7.1. The Company's financial performance is reported monthly to the Board, comprising three directors appointed by NCS Ltd and two officers appointed as directors by the Council.

8. Financial implications

8.1. These are laid out in Appendix 1 to the report.

9. Legal implications

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

10. Conclusions

10.1. Inflationary pressures have continued to impact on the Company's profitability, and this looks set to continue in 2025/26, with the recently announced increases in National Living Wage and National Insurance contributions.

Lead officer contact

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phil.watts@medway.gov.uk

Appendices

Appendix 1 – Draft Medway Norse Ltd Strategic Plan 23-28

Background papers

None

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Medway Norse

DRAFT - Business Plan 2023 - 2028



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1. PARTNERSHIP STATEMENT



We seek to outline in this business plan areas of focus, opportunity and development, to drive Medway Norse and it's Partnership with Medway Council forward over the next 5 years.

Within this, we also seek to embody and emulate the ethos and direction of The Norse Group and bring the strength of the Group to offer Medway Council cost effective and innovative solutions.

A handwritten signature in black ink, appearing to be 'A. Mann'.

Andy Mann, Partnership Director



Medway Norse has been successfully working as a Joint Venture Company with Medway Council since 2013. Our ethos of continuous improvement along with our ability to offer a cost effective and efficient service has created solid opportunities and offers a good return to the client.

We have invested in 123 local suppliers spending over 6 million annually, with a further 50 suppliers within Kent at just over 2 million.

We are looking forward to further integration and expansion of service and value to Medway Council and investment in local businesses as well as continuing to employ in excess of 800 local residents, for a further 5 years.

Building on the joint partnership of the previous 10 years provision, delivering statutory frontline services and further key benefits to Medway.

The Liaison Board, comprising of representatives from Medway Council and Medway Norse as per our Articles of Agreement, has ensured a very effective partnership model, we would look to continue and further develop this over the next contractual period.

The Norse Group's published aim is "improving people's lives whilst generating a sustainable, ethical profit for the public sector". In Medway, these values, we also seek to deliver with the support of the Norse central services.

Improving the lives of those living where we operate means we must seek to engage and support communities. We will do this through our Corporate Social Responsibility Strategy, which aims to create social value in addition to profit.

Medway Norse aspiration is to continue to deliver key frontline services for the Council. Being able to utilise our expertise, experience and visibility of key metrics allows us to seek synergy and efficiency in our ever-evolving delivery.



"We are one of the country's fastest growing service providers, with a broad range of services including facilities management, property services and specialist care facilities. Providing commercial solutions which address current and future built environment challenges, we have 36 partnerships across England and Wales..."

A handwritten signature in black ink, appearing to read 'Justin Galliford'.

CEO NORSE GROUP
Justin Galliford
BSc(Hons) MSc MBA DipMC

2. INTRODUCTION

Medway Norse – Quality services are touching the lives of thousands.

Medway Norse's work is touching the lives of thousands of people every day – from well-maintained public buildings to blossoming green spaces, cleaner streets and parklands and highly efficient transport.

Medway Norse provides a wide range of quality-driven and efficient public services, from cleaning and waste to catering, grounds and building maintenance – everything we do is geared around providing value and excellence for our clients and for the many communities we serve.



OUR PURPOSE

Medway Norse Joint Venture Company was established to provide services to Medway Council more efficiently and to give better value for money, grow the business through taking on external contracts and increasing employment opportunities for local people, offering increased profit share back to the Council.



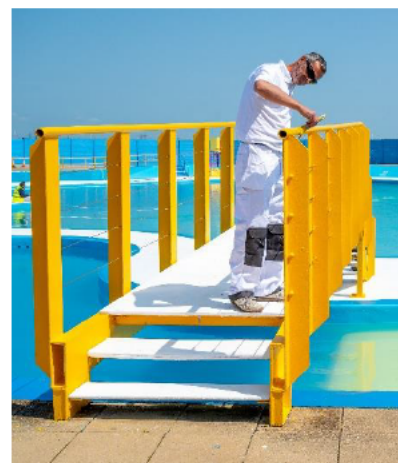
OUR ROLE

Medway Norse are committed to being the leading facilities management company in the Southeast, providing professional quality services.

OUR VISION

Using our experience, company resources and our reputation to constantly improve the delivery of front line and compliance services in the Medway towns and surrounding areas.

To raise standards of delivery with a close eye on added social value across the county, providing services such as catering, grounds, cleaning, waste management, building maintenance and transport.



3. OUR VALUES

Our Group values are **QUALITY, INNOVATION, RESPECT and TRUST.**

They have served us well and will continue to do so over the next five years. We will work with our staff to ensure our values remain relevant and translatable to all parts of the Group, regardless of changes within our operating markets or service mix.



QUALITY

Quality must be built in to all that we intend to do. Whilst our customer base is sensitive to price, high quality services will remain a pre-requisite requirement.

This is an important differentiator for our Group; we will not sacrifice quality due to a short-term view on contract terms, an approach commonly seen within the marketplace, taken by larger competitors who operate traditional transactional contracting business models.

We will continue to build quality into our services with a deep understanding of our customer's requirements, having the right knowledge and skills mix to discuss and negotiate contracts, and maturing our integrated management systems (including quality management system elements) across our Group and its processes.



INNOVATION

Innovation will be key to our growth plans over the next five years. Our customers and staff will drive this and listening to them will help shape our innovative approach.

Flexibility in working arrangements, alternative service delivery models, solutions to net zero carbon goals, and an increased demand for data driven decision making, are likely to be the drivers for our innovative approach.



RESPECT AND TRUST

As part of our five-year plan, we will challenge the way we work

Ensuring that our staff respect and trust each other and demonstrate this every day, in how they behave towards colleagues and our clients, is an essential to forming teams that perform at their optimum.

It is a clear indication of a positive and sustainable organisational culture, which is imperative in ensuring we retain the right staff and that we attract the best talent as we grow. By ensuring trust and respect

are 'lived' values demonstrated by all our staff, our business will continue to grow and succeed.

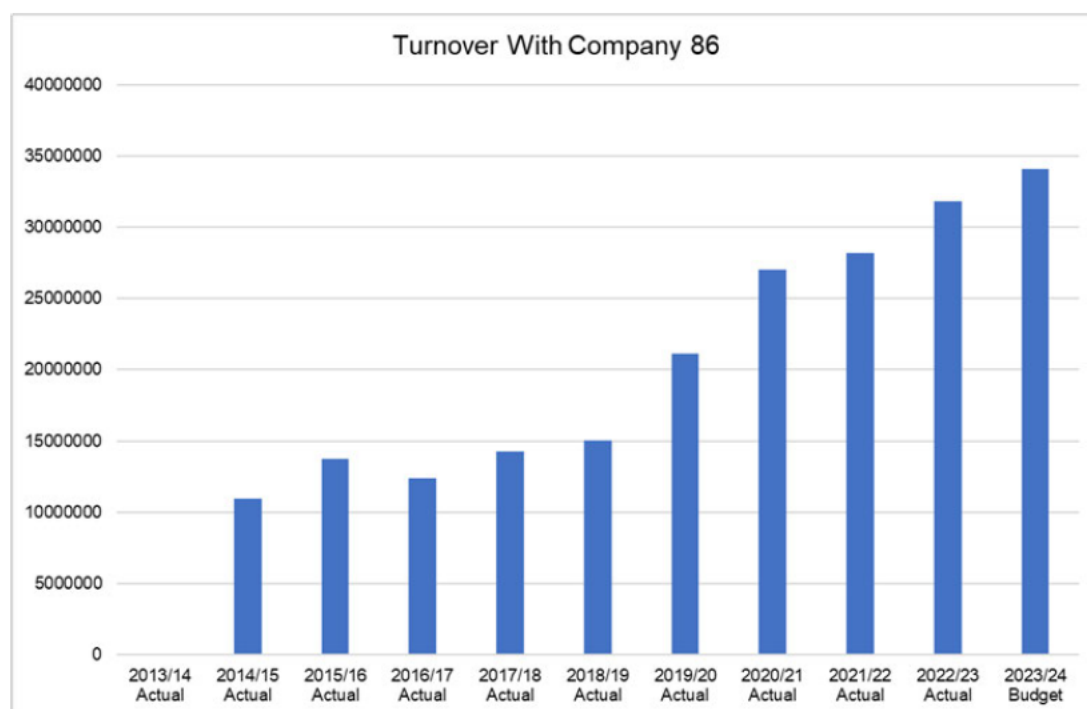
Long-term partnering arrangements, alternative models of delivery, and high-quality frontline services managed on behalf of councils, requires strong organisational relationships based upon respect and trust. Embedding these values in what we do will ensure our wider culture positively aligns with that of our customers.

4. EXECUTIVE SUMMARY

FINANCIAL PERFORMANCE

In 2020-2021, the Group will seek to improve its operational profit. This will improve the return to its shareholders and allow the necessary investment in the company to continue to develop new and cost effective services.

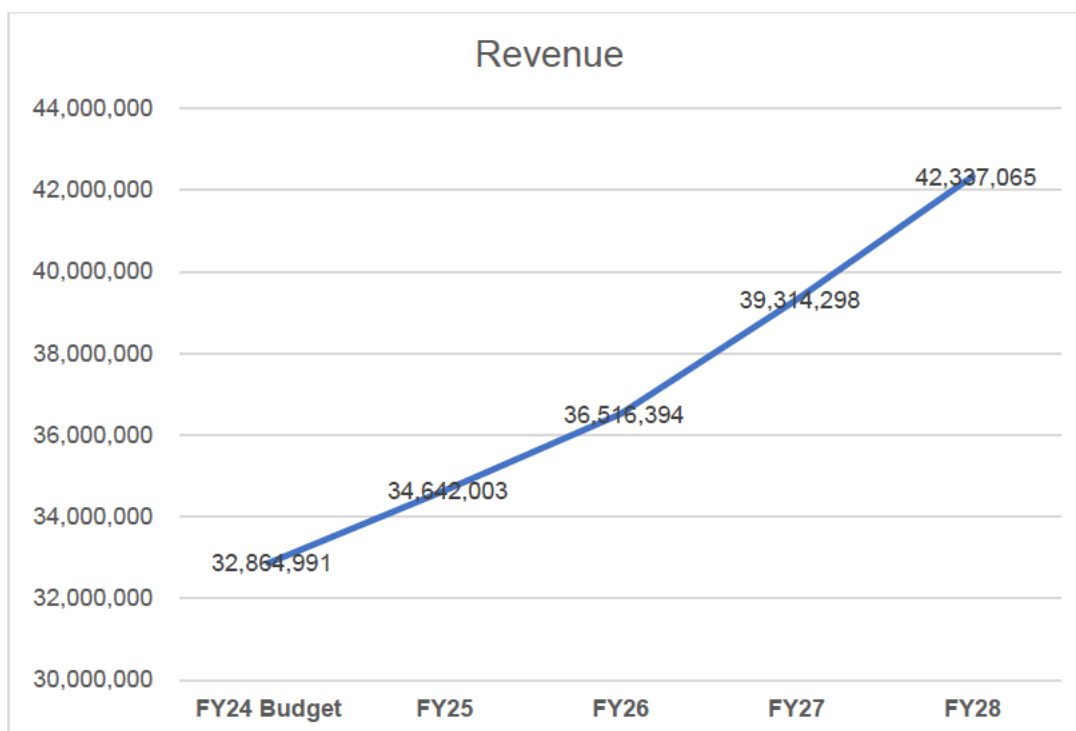
TURNOVER



PERFORMANCE / BUDGET 22-23

	Budget	Actual
Total Income	£29,480,429	£31,635,787
Total Direct Costs	£24,801,846	£27,504,434
Total Indirect Costs	£2,439,210	£3,750,171
Profit	£1,143,331	£381,182

REVENUE FORECAST



5 YEAR FORECAST

Item	FY24 Budget	FY25	FY26	FY27	FY28
Revenue	32,864,991	34,642,003	36,516,394	39,314,298	42,337,065
Net Interest	3,000	3,150	3,308	3,473	3,647
Trading Profit	872,094	1,011,795	1,167,482	1,340,858	1,533,807
Trading Profit %	2.7%	2.9%	3.2%	3.4%	3.6%
Profit After Tax	763,082	885,320	1,021,547	1,173,251	1,342,081
Rebate	436,047	505,897	583,741	670,429	766,903
External (incl Medway Non Contract)	4,149,528	4,603,296	5,109,896	5,709,345	6,379,765
External (excl Medway Non Contract)	2,344,321	2,621,965	2,932,802	3,283,879	3,677,026
External percentage	13.1%	13.5%	14.0%	14.5%	15.0%

5. OBJECTIVES & TARGETS

FINANCE – Objective Review and Future Targets

Our 2019 Objectives	<ul style="list-style-type: none"> • Focus on integrating the Waste team into the Medway Norse family and striving for efficiencies at all levels. • Procure, build out and relocate to new depot.
How We Did	<ul style="list-style-type: none"> • Waste Team fully integrated into Medway Norse, efficiencies achieved with traffic management joining with Grounds contract. • Stoney Lane depot has been built with Grounds, SEND and FM teams successfully operating from there.
What we will do 2023 - 2028	<ul style="list-style-type: none"> • To be in a position in 5 years to offer transfer station services in partnership. • Further develop self-delivery model for traffic management to build on efficiencies now employed. • Built into ongoing budgets automatic vehicle replacement at optimum frequencies. • Ensure wages and benefits are in line with local market to ensure a quality working team are retained and developed. • Increase non contracted sales by 10% per annum

CUSTOMER – Objective Review and Future Targets

Our 2019 Objectives	<ul style="list-style-type: none"> • Mobilise and integrate into formal and informal reporting structure – waste and street cleansing • Contract specifications are to continue to reflect the current operating expectations • Focus on enhancing levels of professionalism at every level of our service delivery
How We Did	<ul style="list-style-type: none"> • Monthly contract meetings have taken place since the service came over, reporting of KPI's and other Contractual information is done both formally at the meetings and informally as part of the partnership working model. • All contractual specifications have been worked too, with the flexible approach of the partnership when required. • Improvements to our overall culture and pride in what and how Medway Norse delivers. Continuous improvement will always be at the centre of all our service models. Detail of how?

What we will do 2023 - 2028	<ul style="list-style-type: none"> • Continue to carry out customer satisfaction surveys and demonstrate continuous improvement from their results through live action plans. • Improve communications with customers through training for staff and objectives based on customer satisfaction. Using auditing and KPI's to feedback. • Set clear targets with the customer for contract achievement and reporting.
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PROCESS – Objective Review and Future Targets	
Our 2019 Objectives	<ul style="list-style-type: none"> • In the planning for relocation, ensure current efficiencies are not impacted but are enhanced. • With innovation and investment in new machinery ensure we 'Make a Difference' in all areas.
How We Did	<ul style="list-style-type: none"> • Locality of Stoney Lane is proving to be advantageous for FM services and the Grounds Teams being able to more easily / quickly access Medway, SEND staffing issues have eased, with more available staff living closer to Stoney Lane. • Pier Approach Depot limited expenditure to remain functional and safe but have failed with Medway Council to find suitable relocation yet.
What we will do 2023 - 2028	<ul style="list-style-type: none"> • Continue to improve and simplify our IT offering for all aspects within our control such as training. • More innovation to assist our staff, purchase of 2nd Multihog machine (with MC), cleaning robots etc • Encourage managers and supervisors around the group to share best practice and innovation as quickly as possible. This includes sharing Medway's initiatives around at same time. • Move all Hard FM assets onto appropriate asset management/workflow application • Maintain our integrated management system accreditation in respect of Health and Safety, Environmental and Quality control • Streamline process / procedures to ensure efficiency across the services and establish best practice.

PEOPLE – Objective Review and Future Targets

Our 2019 Objectives	<ul style="list-style-type: none"> • Information received from staff surveys will be used to drive Manager Improvement plans. • Work with our 'Employee Engagement Group' and key staff to promote and develop the Medway Norse culture. • Empower staff to develop and promote relationships with local CSR initiatives. • Implement Tablet based iAuditor as base of quality control process
How We Did	<ul style="list-style-type: none"> • Action plans were created from the comments on the staff surveys, a process that continues and contributes to our continuous improvement. • Employee Engagement Group was established and attended by key staff members. This has now evolved into 'Our Voice' quarterly meeting that is well attended. • Voucher Scheme used on regular basis to celebrate efforts and achievements. • Staff are encouraged and celebrated for their CSR involvement, with an aspirational target of 1 day per member of staff worth of CSR per year. • iAuditor has been implemented and is being used as part of our comprehensive IMS system.
What we will do 2023 - 2028	<ul style="list-style-type: none"> • Upskilling from within and bringing expertise in to support operations and ensure a consistent management approach • Enhance training plans for all staff with a view to developing and creating strength in depth for the future. • Complete regular review of pay awards to ensure fair pay is in place for all and staff are retained and developed. • Employ at least one graduate intern per year for a fixed three-month period • Employ at least two individuals from disadvantaged/challenging/long term unemployed backgrounds into full time positions per year • Improve the training of remote workers by the implementation of a mobile training application • Working with Adult Education to provide basic numeracy, digital skills, downloading Apps to support with understanding payslips and how to budget for everyday life through the Multiply Programme.

FINANCIAL COMMENTARY

To ensure a stable return to shareholders over the next 5 years, we aim at returning an annual profitability in the region of 3% – 4%. This had been achieved previously but has slipped with market drivers having substantial influence in the last year in particular. All pipeline work will be priced with a view to increasing our average profitability towards this level. Equally assumed it will come from both growth in strong areas and a degree of consolidation.

The financial landscape for Medway Norse continues to be influenced by the effects of our two key customers. These being Schools and Medway Council, both of which over the last couple of years have been heavily affected by the international economic climate. The challenges ahead of us remain around our value offering and service delivery quality, and will come from smart innovative operations.

Our Business Improvement Manager specifically focuses on rationalisation of our process control and adding value to what we do and how. 2022 saw the Group and Medway Norse attain ISO accreditation for our Integrated Management System. Having full accreditation is recognition of the business operational values and achievements at all levels. It is also demonstration of a dedicated continued desire to improve on a strong base.

Our Shareholder diligence ensures close Governance of our accounting processes.



New Council built permanent depot, moved into January 2023

6. KPI DASHBOARD

MEDWAY NORSE OPERATIONAL OBJECTIVES SUMMARY				
	Draft Issue number: 1	March		
SOC	Internal Business Perspective - Performance Measure	Calculation Method	Data Source	Target
1a	No of reportable serious accidents or injuries	Count	Health and Safety Manager	0
1b	No of satisfactory Site Health, Safety & Environmental Audits (%)	Number of satisfactory audits/ Number of audits	iAuditor reports	>90%
1c	No of satisfactory Vehicle Health, Safety & Environmental Audits (%)	Number of satisfactory audits/ Number of audits	iAuditor reports	>90%
1d	Accident free time (%)	days lost as a result of an accident at work/(number of employees x number of working days in the month)	Department Managers	>95%
1e	Departmental Partnership working	Number of days/(number of employees/2)	Department Managers	1/2 day per employee per year % i.e. 8.33% per month
SOC	Financial Perspective - Performance Measure			Target
2a	Profit V budget (%)	Actual profit/budgeted profit	Sharperlight reports	>107%
2b	Sales V budget (%)	Actual sales/budgeted sales	Sharperlight reports	>101%
2c	Aged Debt (days)	Average debt age of all outstanding invoices	Sharperlight Days sales outstanding reports - Felicia	<45 days
2d	Non contracted sales growth (%)	Non contracted sales/ Previous years non contracted sales	Sharperlight reports	>110%
SOC	Customer Perspective - Performance measure			Target
6a	No of satisfactory Quality Audits	Number of satisfactory audits/ Number of audits	iAuditor reports	>90%
6b	No of external complaints resolved within 10 days (%)	Number of complaints/number of works orders completed	QMS reports	>90%
6c	No of external compliments (%)	Number of compliments/(number of employees/12)	QMS reports - Shelley	1 per employee per year % i.e. 8.33% per month
6d	Coprorate Social Responsibility	Number of days/(number of employees/12)	Department Managers	1 day per employee per year % i.e. 8.33% per month
6e	Members enquiries	Number of Enquiries responding within timescale/Number of enquiries	Department Managers	

7. CLIENTS & MARKETS

➤ Potential Synergies & Opportunities

Local Authorities

We will continue to successfully work alongside Medway Council and other local authorities such as Maidstone, KCC and Canterbury, growing our presence in Kent.

If we were awarded further contracts with Medway Council, potential increased profit shares could be achieved for example, a further 5 million contract could achieve 170k additional share back.

Utilising the strength and depth of the wider Norse Group could give opportunity to carry out condition surveys and consultancy.

We believe there is great opportunity to further synchronise and streamline mobile lane closures and traffic management already being utilized by waste and greenspaces teams to include highways requirements, items such as surface repairs and pavement works.

Private Sector

We have an established cleaning and pest control portfolio within the private sector that we are continuing to expand and looking to add additional services to our private offering, such as, grounds maintenance, tree management and facilities maintenance.

Continued development of our contracting solutions with the NHS in and around FM and Grounds Maintenance.

Education Sector

Our Facilities services and work with the education sector providing both contract and adhoc cleansing, education in Country Parks, pest control and provision of SEND transport.

Additional services such as grounds maintenance including tree works, horticultural works and sport facilities management and further facility offerings, could be provided.

Social Housing

Medway Norse are a provider of facilities works and cleansing for social housing, HFIL (housing for independent living) and Local Authority Housing.

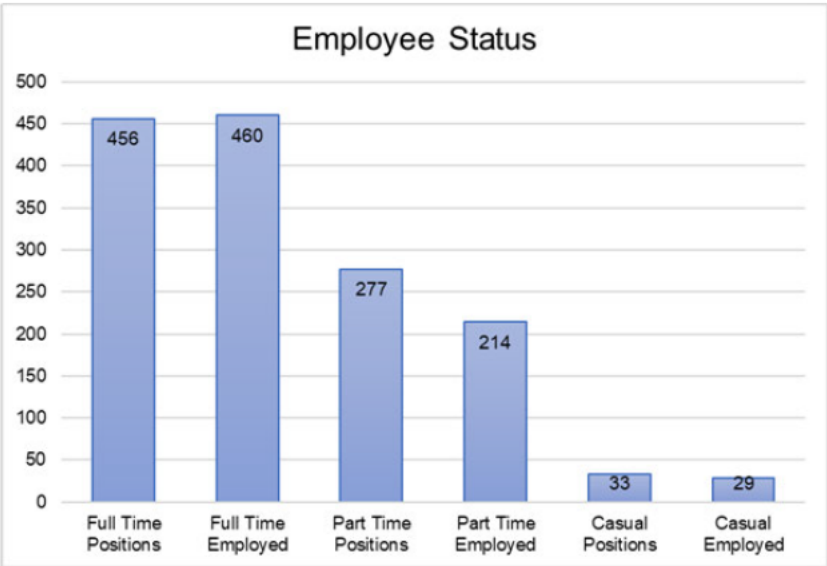
Housing maintenance and repairs response. Expanding our FM Team to deliver solutions to further support to the Council.

Additional services such as grounds maintenance including tree works, horticultural works and sport facilities management and further facility offerings, could be provided.



8. OUR PEOPLE

Our people are our most highly valued asset, they are critical to our success and our growth. With almost 800 available jobs and approximately 93% of our employed staff living in Medway, we are proud to be a local provider of jobs.



We run a reward and recognition scheme for all our staff. Vouchers or thank you cards are awarded for many different reasons. This is always well received and just a little something we like to do, to recognise the dedication and thoughtfulness of our staff. Since August 2018 we have given out over 250 gift vouchers.



Our People Continued..

We are very proud of our people and the mixture of talent and experience that they bring. We depend on their skills and commitment to achieve our objectives.

We have a devoted central training budget, and work with many professional bodies to ensure all our staff have the qualifications, competence, and confidence to effectively carry out their roles. We also run a suite of toolbox talks with mandatory, health & safety, work related training provided in house.



Not only do we have vastly experienced time served operatives, but we also engage in modern apprenticeships. In addition, we regularly take on work experience teens from schools and colleges in the area.

In 2022 we started working with University of Kent at Canterbury as one of their Employability Points providers, giving Interns experience in their chosen fields of work. Both the Interns and Teams they worked with gained so much from this collaborative experience, we are pleased to already be welcoming back a new cohort in June 2023.



9. WELLBEING

Together with our focus on safety, our staff's wellbeing is a key priority. We aspire to give our staff a personal response whenever we can.

We have trained and developed a team of mental health first aiders, who are placed across the business, we feel that helping our colleagues through difficult and challenging times, whatever they may be, should always be a priority.

The training to our staff, ensures they can carry out their roles safely, we carry out workplace needs assessments, and are proud to have been 1 of 16 local business's awarded Medway's Workplace Wellbeing Silver Award this year, meaning we have access to Medway Council's suite of training and support and an on-site health kiosk that started visiting our sites in June 2023.

This is a great initiative, and we look forward to working closely with Medway Council to further develop our wellbeing offering for our staff and their families.

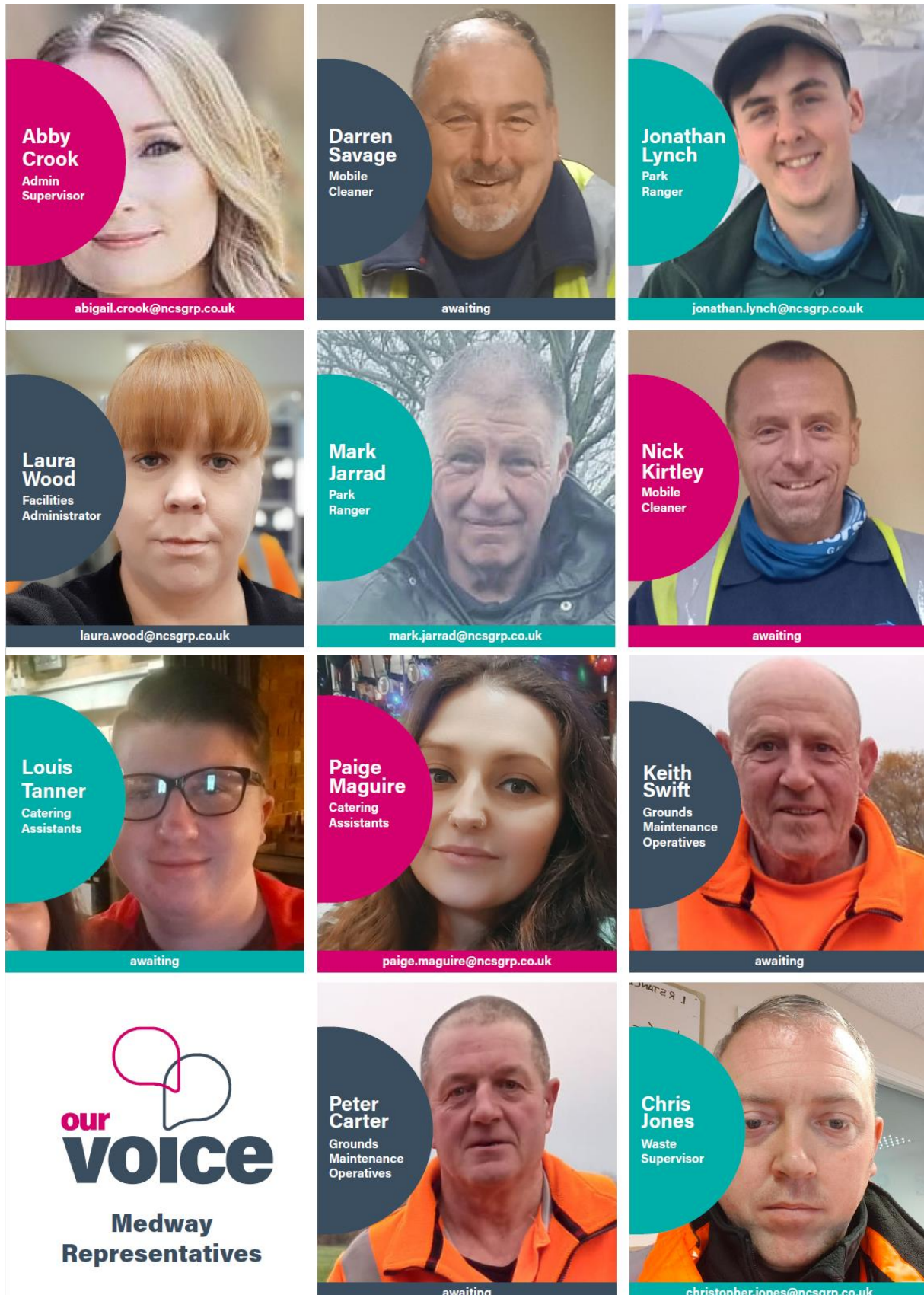


'Medway Norse's people feel a certain kind of privilege working with many of our services, such as the Country Parks and Theatres, there is no other industry where we would get to touch on each of these gems. As a wellbeing piece, working at the parks is hugely therapeutic.'

Beth Matthews—Client Manager

10. EMPLOYEE ENGAGEMENT

Medway Norse together with The Norse Group, hold a quarterly employee engagement meeting called 'Our Voice'. These meetings started in September 2022 to ensure that our employees have an opportunity to engage directly with the business and contribute towards positive change to support the business aim of 'improving people's lives'.



11. DRIVING WITH MEDWAY NORSE

Medway Norse have a fleet of over 250 vehicles and employ drivers with multiple skill sets, from vans to buses to tractors. However, we have noted that a huge part of recruitment difficulties we experience across the board, is that many people applying for roles, do not have the driving licenses required. There is a huge shortage in the younger demographic, which is a real problem looking to the future for our workforce.

As such, we are working on a solution to directly engage a driving instructor who can provide lessons to staff during their working day, we believe this will not only hugely benefit us as an employer whose main workforce require a driving license, but also give valuable life skills to our valuable team members.



12. SHEQ

Medway Norse as part of Norse Commercial Services have and adhere to SHEQ policies including safety, health, sustainable development and environmental, social and governance. Health & safety is a top priority, and engaging a positive health and safety culture has been a key focus and one we will continue to develop.

Norse Group are proud to have been awarded another Gold ROSPA award in 2023.



Medway Norse adhere to the Group's strong environmental lead, aiming to minimise any adverse impact on the environment by adopting "greener" processes. Utilising a fully integrated management system externally audited by Lloyds to demonstrate our embracing, and compliance, to the following internationally agreed standards:

ISO 9001 – Quality Management Systems to clearly identify our customers' expectations and put in place such measures to ensure they are achieved, including performance measurement and review, staff competence, clearly defined systems of work, and risk and recovery plans to ensure continuation of services.

ISO 45001 – Occupational Health and Safety Management systems to keep the public, our customers, staff, contractors, and the environment, safe.

ISO 14001 – Environmental Management Systems to measure, and strive to reduce our impact on the environment, which among other things, includes waste production and handling, energy usage, water usage, carbon emissions, and selection, use and storage of substances hazardous to the environment.



SAFETY, HEALTH, ENVIRONMENTAL AND QUALITY (SHEQ) POLICY STATEMENT



Norse Group (Norse) is committed to ensuring the safety, health, and wellbeing of all of its employees and others who may be affected by its business activities. An effective management system is in place to control risk, process, and the impact our business has on the environment. The Senior Management Team (SMT) is committed to the management system and adherence to all legislation.

Norse accepts the importance of a well-defined and tangible SHEQ Policy that works to prevent injury, pollution, ill health and which results in improved staff welfare and job satisfaction improving the working environment. This will support the delivery of efficiencies and of providing an excellent and unrivalled service to our clients through the Certificated Integrated Management System.

The Senior Management Team (SMT) holds ultimate responsibility for performance, development, and continual improvement.

To meet its safety, health, environmental, quality and wellbeing commitments, Norse will:

- Ensure that the SHEQ Policy is understood and followed within Norse and available for scrutiny
- Periodically review the effectiveness and suitability of this policy and ensure any necessary changes are communicated
- Set objectives and targets and cascade them through the organisation
- Ensure the appropriate resources to safeguard all our people, interested parties and the environment
- Hold management and staff accountable for their SHEQ responsibilities and performance
- Provide sufficient resources and support in order to maintain and improve performance
- Ensure that standards and procedures are clearly defined, regularly checked, and updated

- Consult and communicate with its employees through regular meetings and participation
- Investigate accidents and incidents and share findings in order to prevent reoccurrence
- Commit to protecting the environment, including the prevention of pollution
- Maintain customer focus and ensure satisfaction, by consistently delivering the best service possible

All Norse employees have a shared responsibility to:

- Protect the environment, including the prevention of pollution
- Ensure that all employees are given the right information, instruction, supervision, and training
- Ensure all employees understand their collective responsibility for maintaining a safe, healthy and environmentally conscious working environment for themselves and others, at all times
- Maintain customer focus and ensure satisfaction, by consistently delivering the best service possible
- Promote a positive culture, keeping people and environment free from harm complying with legal and other requirements
- Ensure the health and safety of all employees, subcontractors, customers, and members of the public including the establishment of emergency procedures and prevent incidents, accidents, injury, and ill health
- Continually contribute to improve the performance and effectiveness of the Integrated Management System

Justin Galliford
Norse Chief Executive Officer
Next review 31st March 24

NON PROTECTIVELY MARKED

Approved by: Justin Galliford – Norse CEO

Version: 007

Author: Roger Smith – Norse SHEQ Director

Issue: 6th January 2023

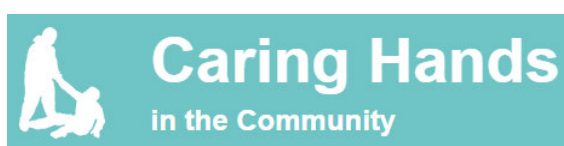
13. THE NORSE WAY

The Norse Way focusses on key areas which we believe could have a long-term impact in terms of our local business and society. Medway Norse continues on with its proud legacy of serving communities within which we work. Our corporate social responsibility strategy 'The Norse Way' supports local projects and creates opportunities for local people.

Our target is to achieve at least 1 compliment and 1 CSR day per employee annually, in 2022 – 23 we achieved 266 days of CSR as well as providing local groups with tools and other supplies for litter picks and planting etc. Medway Norse staff also received an impressive 604 compliments.

Some of the CSR and community focussed projects we were involved in and will continue to support:

- ◆ Employment and youth opportunity
- ◆ Future skills and employee development
- ◆ Environmental management
- ◆ Local litter picking groups
- ◆ Adult care leavers lunches
- ◆ Cold weather 4 x 4 transportation for nurses and community support staff
- ◆ Demelza House Christmas Tree Recycle
- ◆ Assisting Ukrainians relocated to Kent with transport
- ◆ Supporting local charities such as Caring Hands and Gillingham Street Angels, collecting donations, clearing rubbish from their food banks, our HWRC team are also now working with them running a re-use donations scheme.
- ◆ Working with Forward Trust proving interview and CV review opportunities to those on universal credit, looking to get them back into work



'We wanted to say a huge thank you to everyone who donated this year, there was so much generosity and every single item will be utilised by the charity.'



Norse Group have launched their 'Employee Engage' app, communicating on a common platform, accessible by all with smart devices. A useful part of this synergy, is the Wellbeing calendar, which we utilise within our Wellbeing meetings and as part of our 'Our Voice' meetings to raise awareness and plan fund raising for various charities. For example, MacMillan Cancer Support.



14. MEDWAY STRATEGIC RISKS (OVERPAGE)

Medway Norse Risk Register

Last Review Date : 31.05.23

REVIEWED BY: Andy Coles

Ref No	Risk Category	Cause	Consequence/Risk	Weighting	Control Mechanism(s)/Opportunity	Comments
L12 (NCS24)	Financial	Contracts: Rising costs of staff due to NLVY increases.	Inability to achieve agreed budgets. Pressure on clients to renegotiate term / price of contract. Damage to customer relationships, risk of not retaining existing contracts. Loss of profit.	9	Bidding process protocol and thorough challenge of proposed contracts. Prices reflect operating overheads and a margin for profit. Current economic figures accounted for.	Key area for review 16-17 is; Core grounds, due to financial set up and constraints and cost savings required. Planned maintenance fixed at £252,000 per annum
L31	Operational	Reduced skills and experience in the labour market	Unable to deliver all contracted services resulting in loss of income, profit and reputation	20	Ensure advertising and recruitment process is actioned in good time, where considered appropriate review pay rates, consider restructuring, multi skilling of existing staff and apprenticeship schemes	Shortage throughout the country and all sectors. Reduction of workers from E.U. may be a major contributing factor
L34	Strategic	Lack of legal contract for Waste, HWRC, Graffiti	Early cessation of works resulting in failure to meet income/profit budgets and non return of up front capital investments	25	Legal departments agreeing contract terms	Out of MN control.
L36	Operational	Pandemic	Staff shortage and customers declining some traditional services and requiring additional services as result/fear of outbreak. Delivery models requiring change to respond to character/traits of pandemic	10	Following government and public health guidelines. Learning from previous pandemics	
L47	Strategic	Climate change agenda	Damage to reputation / contracts. Current risks are changes to grass length, cut and collection services, street cleansing frequencies and recycling	20	Explore opportunities for reductions in carbon emissions, water usage, energy usage and waste. Existing Climate Action Plan.	Switched all fleet to HVO fuel on 1/9/22 which delivers carbon emissions savings of 95% when compared to existing diesel supply!
L50	Financial	Loss of plant/materials due to theft/vandalism	Increased insurance premiums and risk of insurance providers declining claims	12	Provision of security systems including CCTV, Security guards, vehicle tracking systems and perimeter control	Working out of temporary premises with limited clear perimeters is difficult to control
L53	Operational	High average age of sub-contractors retirements resulting in less approved suppliers. Group contractor approval taking too long.	Inability to deliver services resulting in loss of reputation and/or contracts	16	Addition of new Sub-contractors particularly from new depot build	
L57	Operational	Change of service specifications requiring change in vehicles/ plant and the time taken for Capex agreements	Failure to deliver services or increased time/ resources required	20	None at this point in time.	
L60	Operational	Restrictions on depot planning permissions	Prevents service flexibility and potential savings	15	Maximise use of depots within current restrictions and when appropriate, apply for usage	
L64	Financial	Economic instability	Dramatic fluctuation in pricing and availability	6	Evaluate and react via quarterly boards with both group and client	Open book fuel pricing has been adopted from 1/4/23.
L65	Financial	Supplier & materials - impact due to political volatile markets.	Shortage of school leavers learning to drive	15	Generating business case for driving instructor employed by Medway Norse to assist selected employees	Out of our control.
L67	Strategic	Age of fleet	Increased maintenance and repair costs exceeding costs of new vehicle hire/purchase	8	Purchase and maintenance procedures ensure good degree of functionality. Short term hire agreements in place for specialist vehicles. Longest delivery of temp vehicle is 8 hours	

15. GROUP STRATEGIC ACTIONS

During the year a number of strategic actions will continue to be progressed as part of the Group's Foundational Strategy, of which Medway Norse will adhere and follow where applicable. These include:

1. The ongoing implementation of the Norse Group People Strategy: keeping our staff at the heart of our business ensuring sound recruitment and retention
2. The ongoing strategic review of our Group values, culture and brand: engaging staff across the Group at all levels to devise a brand built upon a values-based culture in support of our aim 'Improving People's Lives'
3. Enhancing the Group's ESG strategy, with a particular focus on a plan towards 'Net Zero': devising and implementing our outline strategy towards Net Zero in 2050
4. Developing an accommodation strategy for our head office: ensuring we can provide a workplace fit for modern working styles
5. Improving our core back-office systems: replacing both our finance and HR systems
6. Reorganising Norse Consulting Group: moving to a consultancy-based business with modern solutions for property sector challenges
7. Enhancing our Group Sales function: developing our longer-term 'go-to-market' strategy utilising the resources and capabilities of the entire Norse Group,
8. Reorganising Norse Care: devising our business model to meet emerging changes to the care market over the next decade
9. Evolving our Governance to support business change: ensuring oversight, scrutiny and support as the Group delivers the Foundational Strategy

Whilst all these actions will require dedicated focus, particular Group effort will be dedicated to the replacement of the core back-office systems. The intention is to replace both finance and HR systems in order to ensure the Group can continue to grow quickly and easily from FY 2024/2025 onwards. 'Project One' will commence in period 1, running through to period 12.

16. MEDWAY NORSE DEVELOPMENT STRATEGY IN JOINT PARTNERSHIP WITH MEDWAY COUNCIL

PEOPLE

- ◆ With a current workforce of almost 800, we will have continued emphasis in supporting and improving staff skill levels, with a view to continuous improvement of individuals and the subsequent benefit to the company and our customers including succession planning. This will be enhanced by the implementation of a mobile training app, which will help us ensure the training delivered to our remote workers is as comprehensive as those based at one of our 2 depots.
- ◆ As the largest authority trading company (LATCO) in Britain, ensuring we put people at the heart of what we do is integral to the ethical value proposition for our stakeholders and shareholders. Our current Group business activity, and our growth over the next five years, will centre on the provision of services in support of communities across England, Scotland, and Wales. Our staff are from these communities and will be based within them, working as part of Norse Group to help improve people's lives.
- ◆ We will seek to work with unitary, county, and district councils along with clients from the education, care, NHS, and charitable sectors. Providing employment and career opportunities in the locations we operate in is a key element of what Norse Group does; and in this way adding to local investment in local economies.

OPERATIONAL

- ◆ Medway Council & Medway Norse's new depot at Stoney Lane is now operational, with SEND, Grounds and Soft FM teams working from there full time. The new depot has given us the opportunity to recruit new staff from the surrounding areas as it is in walking distance of the local estates.
- ◆ For the Waste Services, we still require in conjunction with Medway Council property team, an operational depot and transfer station with electrical charging / hydrogen storage to ensure the ability to achieve climate change goals and lower carbon objectives. This will be a main focus for the next 5 - 10 year period.
- ◆ Explore the sale and development of Pier Approach Road with potentially outlined planning.
- ◆ Work on fleet replacement for all services.

CORPORATE SOCIAL RESPONSIBILITY

- ◆ Continue our work with local charities such as Caring Hands and Gillingham Street Angels.
- ◆ Continue to support local community litter picks through provision of equipment and collection of rubbish.
- ◆ Develop current relationships with organisations getting people back into work, providing interviews, CV advice, work experience and mentoring where possible.

We anticipate competition throughout our operation continuing to be intense with budget pressure restricting onward price increases. We will negotiate contract prices as robustly as possible within the current economic climate, using group purchasing strength as leverage.

The level of profit will be achieved through:

- Competitive value for money quotations for new work reflecting known industry levels
- Increased range of services
- Continuing to increase geographical spread
- Targeted marketing for each area of the business
- Cost savings and efficient working
- Continued improvement of customer satisfaction to ensure retention of work



WE AIM TO GROW IN THE NEXT 5 YEARS BY

- Developing new markets and services
- Increasing our exposure in the private sector
- Build on efficiencies in the existing joint venture in partnership with Medway Council
- Working with NCS group to control and minimize the impact of overheads

17. OUR GOVERNANCE

The Company's Board of Directors comprises three representatives from Norse Commercial Services and two from Medway Council. The Council's representatives will be the Chair of the Board with a Council Policy veto and the Assistant Director for Frontline Services. The Board is responsible for the overall performance of the joint venture.

There is also an Operational Liaison Board, which consists of representatives from Medway Norse and nine representatives from the Council. This is supported by ongoing liaison between Medway Norse and the Corporate Client team.

Responsibility for the Corporate Client lies within several areas. The core contract responsibility sits with the Strategic Property and Energy team, managed by Head of Property & Capital Projects, within the Legal and Corporate Services division, the Greenspaces and Environmental element sits with the Head of Environmental Services.

The Role of the Board

Medway Norse board is established in line with the Core Contract signed in 2013 and extended in 2023 for a further 5 years. The board consists of:

- Two Members of the board are nominated by Medway Council, an officer and elected member;
- The Partnership Director of the Company and one other person nominated by the Company.
- The Chairman of the Board will be an elected Member of the Council.

The Board will consider all issues presented to it concerning the performance of the services, including any matters in this respect to be discussed by the Board of Directors of the Company. It will make recommendations to the Company or to the Council. The quorum for meetings of the Board shall be 5.

The purpose of the Operational Liaison Board shall be:

- To receive reports on the performance of the services; and
- To monitor and review the performance of the Company; and
- To make recommendations regarding the delivery of the services to the Company and to the Council, and
- To monitor and review the achievement of the Business Plan and the Key Performance Indicators; and
- To monitor and consider new business

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