

CABINET

18 DECEMBER 2018

MEDWAY NORSE UPDATE

Portfolio Holder: Councillor Adrian Gulvin, Resources

Report from/Author: Phil Watts, Chief Finance Officer

Summary

This covering report represents a review of the performance of the Joint Venture from the perspective of the Council client for first six months of the 2018/19 financial year. It is accompanied by an update on the Joint Venture's achievements and financial performance prepared by the Partnership Director.

1. Budget and Policy Framework

- 1.1 Review of the performance and financial position of the joint venture is a matter of Cabinet and there is a requirement to submit reports to Cabinet on a six monthly basis.

2. Background

- 2.1 In March 2013 Cabinet agreed for the joint venture company, Medway Norse, to be established for the provision of facilities management (FM) services from 1 June 2013. It was established to:
- Provide services to the Council more efficiently, giving better value for money;
 - Grow the business through taking on external contracts;
 - Increase employment opportunities for local people.
- 2.2 In 2014 the joint venture also took on responsibility for the grounds maintenance contract and for an initial phase of school transport for children with special educational needs attending three schools (now five). At its meeting on 6 March 2018, Cabinet agreed to transfer the waste collection and street cleansing activities to Medway Norse from October 2019, which will take the joint venture's gross turnover up to over £25million per annum.

3. Governance

- 3.1 The Company's Board of Directors comprises three representatives from Norse Commercial Services and two from the Council. The Council has two representatives, an elected member and Chair of the Board (Councillor Turpin) and Ruth Du-Lieu, Assistant Director Frontline Services. The Board is responsible for the overall performance of the joint venture.
- 3.2 There is also an Operational Liaison Board, which consists of representatives from Medway Norse and nine representatives from the Council.
- 3.3 Responsibility for the Corporate Client lies within a number of areas. The original core contract responsibility sits with Rob Dennis, Head of Corporate Projects, whilst the greenspaces and environmental elements are managed by Sarah Valdus, Head of Environment.
- 3.4 The format of the regular update reports has been changed and from this meeting onwards, will take the form of a covering report from the Council's corporate client, accompanied by update on the Joint Venture's achievements and financial performance prepared by Andrew Mann, the Partnership Director at Medway Norse. As agreed at the last meeting a "balanced score-card" of performance indicators has been included in the update report at Appendix 1.

4. Facilities Core Contract

- 4.1 The Head of Corporate Projects, together with colleagues from Medway Norse, meet and liaise closely with managers across all of the Council's operational buildings, in order to fully understand service needs and to establish an effective working relationship. The actions arising from these meetings continue to form the basis for prioritising building repairs and maintenance budgets.
- 4.2 The BRMF Funding strategy, has followed the requirements of Property Board in first commissioning condition reports in order to prioritise areas most in need of maintenance, phasing the overall programme to fit the funding available
- 4.3 The plans prepared from this work are considered and agreed by the Corporate Strategic Property Board, chaired by Councillor Gulvin, and there is a comprehensive plan of works agreed for 2018/19, which amounts to around £500,000 with major works planned for the Central Theatre, Medway Park, Strood Sports Centre and Rochester Adult Education Centre.
- 4.4 Other day to day aspects of the facilities management core contract continue to be delivered to a high standard and there are strong working relationships between colleagues from the Council and Medway Norse.

5. Green Spaces

- 5.1 Medway Norse delivers all of the Council's green spaces activity, including maintenance of parks, country parks, urban parks, play areas, day-to-day allotment site management, sports fields, some verges and other green spaces, tree maintenance, the urban ranger service and the countryside rangers.
- 5.2 Officers in Norse have been working closely with the Head of Environmental Services over the last 6 months to ensure service provision continues to improve, most especially looking at how Medway Norse improve the grass cutting standards next spring. This has led to procurement of new equipment to improve cutting standards and efficiency. Training and personal development of staff has also been rolled out via the Norse Apprenticeship programme which will help improve standards further.
- 5.3 The partnership has planted over 100 trees in 2018, which is the most trees since 2015/16 and will also be planting over 500 whips (young tree seedlings of approximately 0.5-1m in height and 2–3 years old that have been grown for planting out) this winter.
- 5.4 Medway Council and Medway Norse officers have worked together to ensure that we continue with the Green Flag success with seven parks awarded Green Flag status in 2018.
- 5.5 The Green Spaces team are working with Council Officers to review the green space activities at the country and urban parks and how the promotion of events can be improved. This has led to a refresh of the two country park web pages. More work is planned for the next 6 months to ensure there is a robust communications campaign in place for next spring.

6. Transport

- 6.1 The management of home to school travel assistance for children with SEND was transferred to the School Services team within the Education Division in November 2018. The service now sits alongside home to school travel assistance for mainstream children. This move recognises the synergy between the two services and will allow for the development of more coherent processes and procedures going forward.
- 6.2 Travel Assistance is provided in a variety of ways and by a number of different providers. Medway Norse is currently part of the framework and is providing direct transport for children with SEND to five schools, which includes two new routes to Canterbury College.
- 6.3 As the current school transport framework contracts expire at the end of July 2019 and a procurement process is being undertaken to secure an ongoing framework of suppliers. An engagement event took place on 28 November 2018 to which all providers were invited. The provision being delivered by Medway Norse is operating effectively and it is anticipated that Norse will feature in the retendered framework. Ultimately we will be looking to ensure that routes are streamlined to be more efficient and offer best value.

7. Waste and Street Cleansing

- 7.1 Medway Norse has been running the three household waste and recycling centres since October 2017. The handover of services was exceptionally smooth and significant improvements have been undertaken on site since the transfer, namely a new CCTV and ANPR system, new signage, new bins, refurbished compactors, new white lining to make access easier and safer and refurbished welfare facilities at two of the sites.
- 7.2 Medway Norse team worked very closely with Council Officers this spring following the fire at KCC's site at Pepperhill in very difficult circumstances that saw the throughput at sites, most notably Cuxton, significantly increase. This ensured that the site was still able to operate effectively despite a 14% increase in usage.
- 7.3 At its meeting on 6 March 2018, Cabinet agreed to transfer waste collection, street cleansing activities and kerbside recycling disposal to Medway Norse from October 2019. There is a significant amount of work being undertaken by both sides of the partnership to ensure this transfer is delivered smoothly.

8. Financial Implications

- 8.1 Under the terms of the joint venture, the Council receives 50% of the surplus achieved by Medway Norse, in the form of a rebate. This remains at £263,000 for 2018/19 and is expected to be delivered by the end of the financial year. There is an unfunded pressure of £112,000 in terms of the facilities core contract, as the uplift agreed at the Norse Strategy meeting was not reflected in the Council's 2018/19 revenue budget.

9. Legal Implications

- 9.1 There are no direct legal implications of this update report at this stage, however as consideration is given to transferring further Council services to the joint venture, this will be undertaken in accordance with all legal and Medway Council constitutional requirements. Any decision to transfer services to the joint venture will be a matter for Cabinet.

10. Risk Management

- 10.1 The Medway Norse Board maintains and regularly reviews its business risk register in conjunction with the Corporate Client team.

11. Recommendation

- 11.1 The Cabinet is asked to note the contents of this report and its appendix.

12. Suggested Reasons for Decision

12.1 When the Cabinet agreed to establish the joint venture company it was also agreed that regular monitoring reports would be provided to Cabinet.

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Appendices

Appendix 1: Joint Venture Update Report

Background papers

None