

CABINET

11 JUNE 2019

MEDWAY NORSE UPDATE

Portfolio Holder: Councillor Rupert Turpin, Business Management and Chairman of Medway Norse Board

Report from Phil Watts, Chief Finance Officer

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 the second half 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; and
 - 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 four). 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, Councillor Rupert Turpin, who is Chair of the Board, 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 Corporate client responsibility 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. SEN transport is under David Watkins, Head of Education.
- 3.4 The six monthly update reports comprise a covering report from the Council's corporate client, accompanied by an update on the Joint Venture's achievements and financial performance prepared by Andrew Mann, the Partnership Director at Medway Norse, as set out in Appendix 1.

4. Facilities Core Contract

- 4.1 The Operational Liaison Board, chaired by the Head of Corporate Projects and comprising colleagues from Medway Norse and a number of the Council's operational managers, continues to meet regularly. The actions arising from these meetings continue to form the basis for prioritising building repairs and maintenance budgets.
- 4.2 The Corporate Strategic Property Board commissioned a complete set of condition reports, which identified a maintenance requirement of circa £10 million over five years. For 2018/19 there is provision in the annual revenue budget for circa £500,000 and colleagues have worked closely with Medway Norse to prioritise those buildings most in need of maintenance. During his budget speech in February, the Leader announced a further £500,000 of capital funding to deliver some of the more substantial improvements required to the Council's property portfolio.
- 4.3 The Corporate Strategic Property Board has agreed a comprehensive plan of works for 2019/20, including a large scale project to replace flooring and line markings at the Medway Park sports centre. Energy savings schemes using alternative funding sources are being looked at through the RE:FIT programme.
- 4.4 Other day to day aspects of the facilities management core contract continue to be delivered to a high standard and there a strong working relationships between colleagues from the Council and Medway Norse. A new set of condition reports is being prepared for the next tranche of BRMF and energy saving initiatives.

5. Green Spaces

- 5.1 Medway Norse in partnership with Medway Council, manage the landscaping elements within Medway consisting of the two country parks and seven green flag sites, five cemeteries, crematorium grounds, a grave digging service and all the open spaces. They also manage the 72 sports pitches, 3 grass bowling greens, grass tennis courts, grass verges and the 18,000 trees within the Medway area.
- 5.2 Medway Norse have pushed through a significant training and personal development program for staff to improve on the services delivered. This has resulted in a significantly improved standard of contract delivery, especially grass cutting this spring time.
- 5.3 Medway Norse continues to drive through safety and efficiencies in some key areas. Developments this year include:
- purchasing of a remote mower to cut grass banks reducing risks of accidents to staff;
 - an automatic line-marking machine which enables pitches to be marked out 60% faster. The time saved is being used to undertake additional pitch maintenance that had not be previously been possible with existing resources.
- 5.4 Medway Norse have worked with the Council on enhancing the highway grass verges, including planting of crocus bulbs on the A2 at Rainham Mark and central reservation improvements in Horsted.
- 5.5 The Tree Team continue to develop the planting of tree programme – with another 100 planned for planting in late 2019; on top of the 100 already planted this last autumn.
- 5.6 The Country Parks have delivered a schools and education programme throughout the season and new interpretation boards have been installed in the Capstone reception area. The team has started to develop an online presence with two Facebook pages set up for the Country Parks and this will be built on over the coming year.

6. Transport

- 6.1 School Admissions and Transport have managed the SEND Travel Assistance Service since November 2018 and in that time a number of improvements to the assessment and decision processes and procedures have been implemented.
- 6.2 SEND Travel Assistance is provided to eligible children and young people in various different ways including solo transport, shared vehicles, cash allowance and personal travel budgets. The provision of travel (i.e. via taxi, mini-bus) is met by a number of different providers who all form part of the transport framework. Medway Norse is currently part of this framework and is providing direct transport for children with SEND to four schools.

- 6.3 The current transport framework contracts cease at the end of July 2019 and a formal procurement process is being undertaken to formulate the framework of providers moving forward from September 2019. Tender submissions have been evaluated (including Medway Norse) and decisions are being made as to who is to be included to secure an ongoing framework of providers. As at 28 May 2019, the decisions on all providers have not been finalised.
- 6.4 The current provision delivered by Medway Norse is operating to an acceptable standard, although the client has determined that changes to some routes needed to be made in order to deliver the service to families more effectively. The School Admissions and Transport team needs to ensure that all travel assistance provided, irrespective of the transport provider, is delivered in the best interests of the children and young people and in the most cost effective manner to ensure best use of public funds.

7. Household Waste Recycling Centres

- 7.1 Medway Norse has been running the three household waste and recycling centres since October 2017. Norse have invested over £330,000 on 50 new bins, new CCTV and ANPR system, upgraded site signage, relining of sites to improve health and safety and refurbishment of mess facilities at Cuxton and Gillingham.
- 7.2 The sites continue to operate very smoothly, even during exceptionally high usage following the fire at Pepperhill last spring. The three sites have maintained a 60% recycling rate despite this increase in usage.
- 7.3 Norse have also been working closely with Council officers to ensure the redesign of entrances are fit for purpose following KCC's decision to charge for DIY waste materials at their sites and the expected impact these will have on Medway's sites.
- 7.4 The HWRC team has been nominated for Team of the Year in the Medway Norse 'Hall of Fame'. This is an internal programme similar to our 'Make a Difference' awards and the nomination was supported by the Council's Head of Service.

8. Waste Collection and Street Cleansing

- 8.1 A significant amount of work is being put into the transfer of the weekly waste collection and street cleaning contract to Medway Norse with the new service due commence October 2019, including:
- A new street cleaning fleet (39 vehicles) ordered and due to arrive in Medway September 2019;
 - Depot arrangements have been put in place for the short term at Pier Approach Road in Gillingham and Medway Norse are working with the project team on the longer-term depot solution;
 - Discussions have commenced with relevant parties relating to TUPE transfers for the existing 271 staff;

- New ICT systems for asset management and customer service requests are being developed in partnership with Medway Councils ICT team and Medway Norse.

8.2 The project is an excellent example of partnership work, across the Council and Medway Norse and it is progressing well and on schedule.

9. Financial Implications

9.1 The Joint Venture has not yet prepared final audited accounts, however the year end outturn position is expected to remain within budget, reporting a net surplus of circa £526,000 of which 50% will be returned to the Council in the form of a rebate.

9.2 Medway Norse anticipates returning a similar rebate to the Council in 2019/20, in accordance with the budget agreed by Council in February.

10. Legal Implications

10.1 There are no direct legal implications arising from this update report, 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's constitutional requirements. Any decision to transfer services to the Joint Venture will be a matter for Cabinet.

11. Risk Management

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

12. Recommendation

12.1 The Cabinet is asked to note the contents of this report and the Joint Venture update report, as set out in Appendix 1 to the report.

13. Suggested Reasons for Decision

13.1 When the Cabinet agreed to establish the Joint Venture company it was also agreed that regular monitoring reports would be provided to Cabinet.

Lead officer contact

Phil Watts, Chief Finance Officer
Medway Council
Tel: 01634 283226

Appendices

Appendix 1: Joint Venture Update Report

Background papers

None