

## **CABINET**

**17 DECEMBER 2019**

### **MEDWAY NORSE UPDATE**

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

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 the second quarter of the 2019/20 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 regular reports to Cabinet.

#### **2. Background**

- 2.1 In March 2013, Cabinet agreed for the joint venture (JV) 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, 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 Valdue, Head of Environment. SEN transport is under Paul Clarke, Interim School Admissions and Transport Manager.
- 3.4 Services provided by the Joint Venture sit within the portfolio themes of the Deputy Leader and Portfolio Holder for Housing and Community Services and the Portfolio Holders for Children's Services (Lead Member) and Front Line Services.
- 3.5 These 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 agreed last year a "balanced score-card" of performance indicators has been included in the update report at Appendix 1.

### **4. Facilities Core Contract (from Rob Dennis)**

- 4.1 The joint working between Medway Norse and the Property & Capital Projects team over the Building Repairs and Maintenance Fund is continuing to improve after a review of the process. The Medway Council Client team and Medway Norse have regular reviews with the Portfolio Holder to give a "no surprises" approach. This ensures that we have complete buy in on all our discussed maintenance choices, which are undertaken from the view point of both our building managers, and the Portfolio Holder.
- 4.2 A stock take of activity already underway as part of the Medway Council declaration of a Climate Emergency included the fact that the Property and Capital Projects team have been looking at a new energy efficiency solution (Re:Fit) that is backed by the Government. As part of the joint venture ethos with Medway Norse the Council have engaged at an early stage with Medway Norse who were part of our consultations in selecting the Re:Fit programme. We have discussed the future programme with Medway Norse who have assisted us in the tender process by providing key questions that we have taken on board with regard to selection process of the various bidders who wish to become Medway's Re:Fit framework Contractor. We have also agreed the selection of buildings and phases of buildings to optimise the programme.
- 4.3 The Re:Fit consultations have proved to be very useful meetings and we are confident that Medway Norse with the assistance of Local Government Partnerships and various stakeholders can see the real benefits of this framework to both Medway Council and Medway Norse going forward, in

delivering new plant and systems that will create savings, and improved planned maintenance works on new, more economical plant systems and in delivering new, green power, revenue streams.

- 4.4 Medway Norse senior management have continued to work effectively in all our dealings. The maintenance teams are generally providing good service. We will be looking at the electrical support trades and reviewing the delivery of this discipline with the senior management team.
- 4.5 Communications with our building managers have been raised and a meeting held to understand the potential issues. As a result of this meeting we now have a new direction of understanding and methodology of collecting building faults and delivery of repairs and maintenance. We believe that the Medway Norse team in this case listened to the matters at hand and were keen to provide a solution.
- 4.6 The Medway Norse team have been busy with the various internal changes of delivery of waste and movement of offices and depot space. The Medway Norse team should be congratulated, as this does not appear to have affected their delivery on our core corporate projects.
- 4.7 Medway Norse have also been working closely with the Property & Capital Projects team to prepare for the development of a new waste disposal depot in Rochester.

## **5. Green Spaces (from Sarah Valdus)**

- 5.1 Medway Norse in partnership with Medway Council, manage the landscaping of the two country parks, seven green flag sites, five cemeteries, crematorium grounds, a grave digging service and all the open spaces. They also manage the 72 sports pitches, grass bowling greens, grass tennis courts, grass verges and the 18,000 trees within the Medway area.
- 5.2 Medway Norse have reviewed the equipment and staffing across the grounds services and this has resulted in improved standard of contract delivery for the second year running, with a very low level of complaints around the peak grass cutting season.
- 5.3 Medway Norse continues to drive through safety and efficiencies in some key areas. Developments this year include joined services (trees and grounds) using the same Traffic Management shifts and those savings directed to bulb planting delivered in house for 8 locations of highway verges.
- 5.4 Medway Norse have worked with the Council on enhancing the street scene with a beautiful display of crocus bulbs on the A2 at Rainham Mark, central reservation improvements in Horsted and Rochester High Street with hanging baskets including new sites in Rainham Rec and Luton.
- 5.5 The Tree Team continue to develop the planting of tree programme – with another 65+ planned for planting this autumn, on top of the 50 trees and 100 whips planted last year. Works have been undertaken along Hoath Way to assess the old tree network for safety and disease issues. This has resulted in some tree clearances, and improved safety visibility, continuing this winter.

- 5.6 Coppicing work was completed last year in Lordswood, with engagement with the local community before works were undertaken, resulting in no complaints received about the work being done. Further works are planned each winter season and this program was re-introduced after training and upskilling the workforce to enable much of this program to be delivered in house when previously outsourced.
- 5.7 The Country Parks have delivered a schools and education programme throughout the season and new play equipment is being installed at Capstone country park to replace aged equipment. The team has continued to develop their online presence with two Facebook pages set up for the Country Parks and these have been well received by the community.
- 5.8 A novel idea of hatching a duck at Capstone has resulted in positive feedback from site users and interaction from customers when the duck is on his walk around the park.

## **6. Transport (Paul Clarke)**

- 6.1 The service has continued to improve the assessment and decision making process, including re-assessing every child against the policy. New provider contracts have been let on every school route from September 2019.
- 6.2 Special Educational Needs and Disabilities (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 transport (e.g. via taxi, mini-bus) is met by a number of different providers who all form part of the transport framework. The previous transport framework expired in July 2019 and a new framework was implemented from September 2019, following a rigorous procurement process.
- 6.3 Medway Norse continue to be part of this new transport framework and won awards to provide direct transport for children with SEND to a number of schools, following successful tender submissions where Medway Norse were the most cost effective (cheapest) bids. Medway Norse now serve 20 schools (previously it was four) across 10 school routes. This is because some schools that are on the same site or within close proximity of each other have been tendered and awarded as co-efficient routes in an attempt to provide a more efficient and cost-effective service.
- 6.4 The provision delivered by Medway Norse is generally operating to a good standard. School Admissions and Transport continue to work with Medway Norse to resolve any concerns raised by parents, so that the service delivered: a) meets the expectations of Medway Council, schools and families; b) focusses on the needs and best interests of the children and young people and; and c) is delivered in the most cost effective manner to ensure best use of public funds.

## **7. Household Waste Recycling Centres (Sarah Valdus)**

- 7.1 The Medway Household Waste Recycling Centres (HWRCs) sites continue to operate very smoothly under the management of Norse.

- 7.2 The HWRCs offer high quality recycling services for 30 different material streams. Norse staff are actively engaging with customers on site to promote the recycling facilities leading to them maintaining a 60% recycling rate.
- 7.3 In response to KCC policy changes, there has been considerable transformation on the sites since April this year to include an ID check of customers using the facilities. This includes:
- Meet and greet entrance huts,
  - New road layouts,
  - Traffic management,
  - Signage,
  - Vehicle barriers.
- 7.4 Norse worked very closely with Council officers on the redesign project to ensure it was fit for purpose.
- 7.5 The sites have been fully operational since June and it has been a complete success.
- 7.6 Customers are supportive of the need to show ID, the checks are quick and the staff are collecting quality data on where customers have travelled from.
- 7.7 The HWRC team won Team of the Year in the Medway Norse 'Hall of Fame' during July 2019. This is an internal programme similar to our 'Make a Difference' awards and the nomination was supported by the Council's Head of Service. In addition to this, the team went on to win the RCET Customer Services award at the 'Making a Difference' awards during September. This is fantastic recognition for the team's hard work that make the sites the success they are.

## **8. Waste Collection and Street Cleansing (from Sarah Valdus)**

- 8.1 A significant amount of work has been put into the transfer of the weekly waste collection and street cleaning contract to Medway Norse with the new service commencing on 1 October 2019.
- 8.2 This work has included:
- A new street cleaning fleet (39 vehicles).
  - Depot redesign at Pier Approach Road in Gillingham to house the daily operations of the collection and street fleet.
  - New ICT systems for asset management and customer service requests has been developed in partnership with Medway Councils Environmental Service and ICT teams.
  - TUPE transfer of the existing 271 staff from Veolia to Medway Norse.
- 8.3 Medway Norse are now working with the project team on the longer-term depot solution.
- 8.4 The project is an excellent example of partnership work, across the Council and Medway Norse and it is through the success of the partnership that the transfer has been delivered seamlessly and on and on schedule.

## **9. Financial Implications**

- 9.1 The audit of the joint venture's 2018/19 accounts was completed and it reported a final outturn position of just under £570,000 of which 50% will be returned to the Council in the form of a rebate. For Medway Council this represents an additional £22,000 in excess of the budgeted rebate of £263,000.
- 9.2 Medway Norse anticipates returning at least the budgeted level of rebate to the Council in 2019/20, around £263,000.

## **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 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 its appendix.

## **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**

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### **Appendices**

Appendix 1: Joint Venture Update Report

### **Background papers**

None