

CABINET

9 JUNE 2020

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 third and fourth quarters of the 2019/2020 financial year. It is accompanied by an update on the Joint Venture's achievements and financial performance prepared by the Partnership Director at Medway Norse.

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). In October 2019, Medway Norse took over responsibility for the waste collection and street cleansing activities, increasing the joint venture's gross turnover 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. Responsibility for the original facilities management core contract sits with the Head of Corporate Projects, whilst the greenspaces and environmental elements are managed by the Head of Environmental Services. Special Educational Needs (SEN) transport is under the 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, a "balanced score-card" of performance indicators has been included in the update report at Appendix 1.

4. Facilities Core Contract (from Head of Corporate Projects)

- 4.1 Medway Norse colleagues have been greatly assisting Council officers with the COVID-19 pandemic. Medway Council's property cell has been supported with provision of signage and sneeze boards, sanitising equipment and paper towels.
- 4.2 We have also been assisted with opening Parklands SEN provision which required urgent attention, and it was opened with Medway Norse assistance. Other special responses have included the births registration building which could not be moved for legal reasons and has had to be adapted to a new pod layout. To achieve this Medway Norse received instruction to carry out and complete the works and they are near completion just over a week from being instructed.
- 4.3 There have been improvements to the visitor information centre and improved heating has created a warmer and much improved environment.
- 4.4 The Corn Exchange received a new lift as a precursor to Medway Council works, and the reopening of the building will give a much improved offer with the assistance of lift and lift gear upgrades.
- 4.5 Medway Norse have supported the Youth Offending Team and are considering moving this successful initiative onto young offenders reparation measures.
- 4.6 The Building Repairs and Maintenance Fund comprised a revenue budget of £500,000 and a capital allocation of £500,000 and a plan was agreed with Medway Norse to deliver a significant programme of works up to March 2020, commensurate with this sum.

4.7 The Health and Safety status is generally around 99% based on audits and accident free days, and there have been just three incidents / accidents recorded that Medway Norse Health and Safety will be reviewing.

5. Green Spaces (from Head of Environmental Services)

5.1 Medway Norse in partnership with Medway Council, manage the landscaping of the two country parks, 106 play areas, 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, a Pit and Putt site at Snodhurst Bottom, all of Medway's grass verges and the 18,000 trees within the public realm.

5.2 This last year Medway Norse reviewed the equipment across the grounds services and new equipment was procured ready for 2020 growing season to enable Norse to introduce a more efficient grass and hedge maintenance regime. This included:

- 2 tractor attachments for cutting large open spaces offering greater capacity and more efficient service delivery
- 1 cutting attachment for cutting hedgeways
- 2 new tractors
- 14 new ride on machines
- 2 small tractors with cut and collect attachments to enable a wider programme for naturalised verges and enabling more in house meadow cutting.

5.3 Medway Norse continues to drive forward the service. Developments this year include further bulb plants along:

- A2 Rainham
- Maidstone Road, Chatham
- Pier Road verges
- Kingsfrith Playing field
- Extending Deanwood drive
- Shorsted Way, Hempsted

5.4 A fantastic public response was received about the stunning bulb floral display in Rainham along the A2. Next year this programme will be extended to areas in Strood and Rochester.

5.5 The Tree Team continue to develop the planting of tree programme – with another 116 planted in the autumn 2019; so for the second year in a row equalling or exceeding the number of trees felled. Works have been completed along Hoath Way to remove old trees for safety and disease issues. This historically unfunded work has been undertaken by finding efficiencies in other areas, freeing up resources for delivery of maintenance along high risk high speed road sites.

5.6 Coppicing work was completed at the end of last year in Hempstead near Cobblestones. Engagement with the local community before works were undertaken resulted in no complaints received about the work being done. Further works are planned each winter season. This program was re-

introduced in 2018 after training and upskilling the workforce to enable much of this program to be delivered in house when previously unfunded.

- 5.7 During the winter seasons the wardens at the Country Parks undertook various in-house maintenance projects to ensure the facilities were up to standard ready for Green Flag assessments and new spring season usage.
- 5.8 The country parks team have continued to develop their online presence with two Facebook pages set up for the Country Parks. These have been well received by the community with Capstone now reaching 1,744 followers, and Riverside 1,037.
- 5.9 Play areas continue to be refurbished where possible within external s106 funding restrictions. Inspections are undertaken monthly by internal staff and annually by a qualified independent assessor to ensure safe standards are maintained.
- 5.10 During this period, works have been undertaken to plan for the new naturalised verges that will be allowed to grow along some high speed roads and wide urban areas. This is part of the climate change and biodiversity agenda work to encourage more biodiversity in our verges. There is a growing swell of public support for our naturalised verge programme. Signs are being erected in June to highlight these areas.
- 5.11 At Cabinet in January it was agreed that the weed spraying programme would be dialled back within play areas and open spaces. This will also allow a one metre ring around tree bases to grow longer as part of the climate change and biodiversity work.
- 5.12 During the COVID crisis, the grounds team maintained parks grass cutting to keep this essential facilities open for the public as a lifeline for mental health. The kerbside grass cutting programme was slightly delayed but commenced in early May. Planting of formal beds started in May despite the crisis. The grounds team also supported the waste services at the start of the pandemic while new procedures were being developed.

6. Transport (from School Admissions and Transport Manager)

- 6.1 Special Educational Needs and Disabilities (SEND) Travel Assistance across Medway 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. Since then, Norse has continued to play a major part in the transporting of SEND pupils to and from school transporting approximately 394 pupils every day from a total transported (shared vehicles) cohort of 1094.
- 6.2 Since the implementation of the new contracts in September 2019, the provision delivered by Norse has continued to improve and is operating to a good standard, highlighted by the continuous reduction in the number of incidents, customer queries and complaints. Since November, these rates

have declined significantly with only two complaints received in December-March and a fall in incident numbers across a high number of routes. Some safeguarding concerns were raised in February and March however, and a high level of co-operation between Norse and Council operatives resolved these quickly.

6.3 Schools have a good working relationship with Medway Norse and communication with both schools and Council officers is at a high level, which has been highlighted during the Covid-19 crisis where transport has continued to be provided as necessary in challenging circumstances.

6.4 The School Admissions and Transport Team will 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 (HWRC) (from Head of Environmental Services)

7.1 The HWRC contract broadly consists of the following elements:

- The management of three HWRCs;
- The haulage of all materials arising at the sites with the exception of Waste Electrical and Electronic Equipment (WEEE) and household batteries, which are covered by Producer Compliance Schemes (PCS);
- The marketing and sale of materials arising at the sites with the exception of residual waste, wood waste, and those detailed above;
- A 50/50 risk share on all materials sold;
- Achievement of a 60% recycling rate in Year 1, 61% recycling rate at Year 2 and 62% recycling rate for Year 3 onwards.

7.2 The main focus for the year was the implementation of the new entrance system following short notice KCC introduction of charges at their sites. This included:

- Successful implementation of the new ID check scheme and recording of postcodes for KCC recharge purposes;
- Capital investment by Medway Council into the site entrance re-design programme for:
 - Changes to layouts of entrances to allow turning circles for vehicles to exit the sites safely if no ID was produced
 - Electric vehicle barriers
 - Meet and greet cabins
- Employment of additional staff for the first few months while the new service settled in;
- Continuation of staff training schemes;
- Comprehensive communications plan.

7.3 Despite all of this work and the need for periods of site closure, the HWRCs continued to offer high quality recycling services for 30 different material streams.

7.4 Medway Council and Medway Norse have achieved a 60% recycling rate for the second contract year, only 1% below target and remaining the same as the Year 1 2017/18 rate of 60%.

7.5 The table below details the recycling performance (excluding rubble and hard-core) of the three HWRCs.

Contract year	Total tonnes	Recycled tonnes	Recycling %
Oct 2017-Sept 2018	22,341	13,341	60%
Oct 2018-Sept 2019	20,774	12,418	60%

7.6 During the COVID crisis, the three sites were shut for a period of weeks following police advice on 'essential travel' and loss of some key material off-takers due to COVID closures of their facilities. Once Government guidelines on safe operating practices were issued, the sites were safely reopened on Friday 15 May 2020. After one day of excessive queues as staff and public settled into the new site operating rules and booking systems, the sites have been operating safely smoothly with minimal queues.

8. Waste Collection and Street Cleansing (from Head of Environmental Services)

8.1 A significant amount of work was 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 The project was 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 schedule.

8.4 Medway Norse are performing to a very good standard. This is reflected in the number of service requests and corporate complaints received; remaining consistent for the time of year. The number of missed waste collections remains low compared to the number of collections that occur each week; over 341k collections of refuse, recycling and organic waste weekly. Medway Norse have carried out over 10 million waste collections since contract start which equates to only 0.056% of collections being missed. Additionally, Waste Services consistently receives one of the highest levels of corporate compliments, again showcasing the excellent service delivered by the teams.

8.5 The first efficiency that has been achieved with the cleansing services joining Norse, is street cleansing and grounds maintenance teams working with Medway Council to combine the cleansing and green space works. Due to the speed and volume of traffic on these roads additional traffic management is

required to ensure the safety of the operatives whilst working. Combining both services has provided efficiencies and enabled a holistic provision of services. This means the main roads are litter picked, green space maintained and a final cleanse undertaken to remove grass cuttings, all the same time.

- 8.6 Street cleansing is performing to standard with the NI 195 results showing 97% of land found to be at an acceptable standard at the time of the inspection during quarter 4 of 2019/20, meeting the Council target.
- 8.7 Throughout the COVID crisis the service has maintained delivery with only three lost days of the organic waste service. The public support for the teams has been phenomenal with countless letters and messages of support for the work the teams have continued to in exceptionally challenging times. The street cleansing service has also been maintained with only a few days of lost time on scarab cleaning work when drivers were needed to support the collection services.
- 8.8 The bulky waste service was maintained with only the loss of fridges and freezers during April following closure of the off takers facilities. This was quickly caught up and full services resumed in early May.

9. HRA Housing Landlord Service (from Head of Strategic Housing)

- 9.1 Housing Landlord Services, Estate Services contract currently delivered by Norse since 5 October 2015 on a five year contract with an option to extend for a further five years.
- 9.2 This was the first time that Estate Services (Communal cleaning to the HRA blocks of flats) had been tendered and was highlighted as High Risk. However, through true partnership working between Housing and Medway Norse the contract has gone from strength to strength.
- 9.3 The suite of KPIs and the open book accounting with profit share have worked well for both parties and indeed for the HRA tenants and Leaseholders.
- 9.4 Having a fixed price contract for the five year period has meant financial stability. Customer satisfaction has improved from 67% when the service was delivered by the Council to 85% with Norse.
- 9.5 The Chief Legal Officer in consultation with the Procurement Board have agreed on 20 May 2020 for the contract to be extended for a further five years and for the contract to be graded as Medium Risk, due to its high performance since 2015.

10. Financial Implications

- 10.1 Although the joint venture has not yet posted final accounts for the 2019/20 financial year, it has forecast a profit of £754,000 and is expecting to return a rebate of around £377,000 to Medway Council. This represents a significant increase over previous years.
- 10.2 Medway Norse anticipates returning a similar level of rebate to the Council in 2020/21.

11. Legal Implications

- 11.1 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.

12. Risk Management

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

13. Recommendation

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

14. Suggested Reasons for Decision

- 14.1 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: Medway Norse Cabinet Report May 2020

Background papers

None