

CABINET

2 MARCH 2021

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 quarter of the 2020/2021 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 for 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 Head of School Services.
- 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 continue to support Medway Council teams as the Covid-19 pandemic lockdown, extended from last year, continues. The Medway Norse hard Facilities Management (FM) team have delivered screens and adapted these to provide the various property service building managers with the necessary screen requirements to facilitate protection measures for this pandemic.
- 4.2 Horizon scanning continues through Silver Tactical Command and Medway Norse are ready with resources to continue with further provision of signage and sneeze boards, sanitising equipment, and paper towels.
- 4.3 Planned maintenance and reactive maintenance works have continued throughout the pandemic with safe working practices being put in place. Planned maintenance works, funded from the Building Repairs and Maintenance Fund (BRMF), have included 15 fire alarm upgrades, a new roof on Lordswood library and commencement of redecoration of a second stairwell at the brook multi-storey car park.
- 4.4 The BRMF allocation is ongoing and 85% committed which is line with where we need to be on a programme review. Officers will be reviewing at the next Property Board and recommending the final works to be completed in 20/21.
- 4.5 Senior Medway Norse managers continue to sit in on Silver Response and Recovery meetings conducted via "MS Teams" thus ensuring our service and operation continued over the extended pandemic and risks in lockdown 3, with risks identified and mitigation put in place.

- 4.6 The latest Health and Safety status report shows no reportable serious accidents or injuries over the period.
- 4.7 The Medway Norse (MN) corporate building service level agreements (SLA) are to be reviewed. Regular meetings will be held to agree the latest SLA status. Medway Council (MC) will agree changes with MN who will receive updates on MC's latest policies and initiatives, giving assurance to adherence regarding MC's Health and Safety initiated Contract Management policy. MC and MN will attend forums every 6 months with Building Managers to discuss issues, process, and responsibilities.
- 4.8 The relationship between Medway Council Hard FM team and the MN team remains good and we recently engaged MN with our new Re:fit contractor SSE, who is about to embark on designing a series of phased energy improvement works across our Corporate portfolio, commencing with 12 sites due to be delivered in summer 2021, including Gun Wharf and Medway Park.
- 4.9 A new Medway Norse FM lead has been appointed who will lead on many initiatives including a refresh on compliance strategy. MC and MN will commence a review of the building SLAs and arrange bi-annual building manager forums where roles and responsibilities can be detailed.

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 Medway Norse continues to drive forward the service. Developments this year include further bulb plants along road in Strood and Chatham, previously reported in Decembers cabinet report, and also adding more parks and cemeteries to the meadow area program.
- Kings Frith
 - Cozenton Park
 - Hempstead Park
 - Maidstone Road Cemetery
- 5.3 The Tree Team are planting 200 street and park trees this winter along with an additional 13,000 via the Urban Tree Challenge Fund which is expected to be completed by the end of February.
- 5.4 Coppicing work continues with wooded areas in Hempstead. This is the second year the Ranger team have self-delivered the coppicing following upskilling of staff.
- 5.5 The Country Parks Team have an ongoing social media presence via Facebook to promote any Covid safe events, when restrictions allow and these are well received by the community. These pages continue to be access by more people now and have been well received by the community with Capstone now reaching over 3,056 regular followers (up from 2,572 in

the last report) and Riverside 2,041 regular followers (up from 1,717 in the last report).

- 5.6 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.
- 5.7 Following the success of the 2020 programme for naturalisation along high speed roads and wide urban areas, this has been extended further to remaining routes. This is part of the climate change and biodiversity agenda work to encourage more biodiversity in our verges.
- 5.8 As agreed last year, a 12 month review of the weed management programme in play areas and open spaces was completed in January 2021 and reported to the Regeneration, Culture and Environment Overview and Scrutiny Committee, following a successful reduction in chemical use with little negative service issues. Norse will continue with the spraying reduction into 2021, reducing glyphosate use to minimal issues such as invasive weeds.
- 5.9 During the winter program, the teams have continued with ongoing litter removal and clearing vegetation encroachments along public rights of way routes.

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 400 pupils every day from a total transported (shared vehicles) cohort of over a thousand.
- 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 Medway Norse reacted to the Covid-19 situation positively during the lockdown period and this continued into the full return of pupils in September 2020 with all pupils requiring transport on Norse routes being appropriately transported to and from school.
- 6.5 In January, Norse gave notice to withdraw from the routes currently served, which means that from September 2021 Norse will have no role in the SEND transport function.
- 6.6 The School Admissions and Transport Team will continue to work with Medway Norse until the contract expires 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 safe working practices following Covid-19 crisis. Medway Norse has worked in close partnership with the Council's waste and digital teams to implement a successful booking system to ensure all users of the sites and the operatives remain safe by implementing social distancing measures and limiting the number of slots offered. This has still enabled more than 50,000 bookings to be made since May 2021, with only 10% 'no shows'.
- 7.3 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	21,996	12,996	59%
Oct 2018-Sept 2019	20,402	12,189	60%
Oct 2019-Sept 2020	12,211	7,428	61%

Data for Sept 2019-Oct 2020 is being validated and may be subject to change

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

- 8.1 Medway Norse have continued to provide an exceptional collection service during lockdown 2, considering they have had increased pressure with drivers and staff (loaders) having to self-isolate due to track and trace. We have seen a small increase of service requests that reflect on the different crews covering unfamiliar locations.
- 8.2 The monthly contracts meetings between Medway Norse and Waste Services are focused on operational issues. Since November, Waste Services have scheduled an additional weekly MS Teams call to discuss implications on Covid-19 and the potential issues.
- 8.3 The performance of the contract by Medway Norse continues to remain at a high level. The number of reported missed organic collections have decreased slightly in Q3 compared to Q2, partly due to seasonality but primarily because of a partnership approach with Medway Norse, the Council's waste engagement team and Customer and Business Support, to re-educate Medway residents on the single brown bin policy. Recycling has seen a slight increase with missed collections, but non-collection of refuse has declined in contrast to Q2.
- 8.4 Medway Norse continue to provide an excellent bulky waste service to Medway customers. The standard bulky bookings have increased in Q3 and all available slots were fully booked up to mid-January. The number of missed standard bulky collections decreased in Q3 due to Medway Norse working closely with the Contracts Team to resolve any issues leading to a decrease in the escalation to stage 1 corporate complaints.
- 8.5 The Christmas collections went smoothly with some carry over between days due to exceptionally high volumes of materials, but with most residents being understanding and supportive of the issues faced due to Covid-19 and increased workload.
- 8.6 On the street cleansing side, during quarter 3, 11 stage one corporate complaints were received that have been investigated and resolved by the Contact Monitoring Officers. In total since April 2020, 24 street cleansing stage one complaint have been raised by customers.
- 8.7 In quarter 3 the Contracts Team have received 175 (Oct, Nov) 'street not clean' service requests that have been investigated and resolved by the waste wardens. This can involve contacting customers to obtain further information, monitoring Medway Norse cleansing practices and liaising with the street cleansing supervisor to resolve cleansing issues. In total since April 2020, 605 street not clean service request have been raised by customers.
- 8.8 In Oct and November Medway Norse removed 836 fly tips.
- 8.9 During Autumn, Medway Norse completed 136 'seasonal' service requests to remove heavy leaf fall from areas of the borough. The Council waste warden team have been able to increase the monitoring of these areas to ensure leaves and detritus build up are removed in a timely fashion to

ensure the footpaths do not become a health safety hazardous for residents.

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

- 9.1 Estate services continue to be delivered effectively in partnership with Medway Norse. The extension to the contract has now been signed by both parties and will now expire on 4 October 2025.
- 9.2 The suite of eight Key Performance Indicators (KPIs) and the open book accounting with profit share continue to be monitored through Operational and Strategic meetings throughout the year.
- 9.3 The fixed price contract for the five-year period will mean financial stability for both parties and customers who pay for this service via a service charge. Customer satisfaction remains higher with Norse delivering the service than when it was being delivered in-house by Housing Services direct labour.

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 £377,500 to Medway Council. This represents a significant increase over previous years. 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.

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 March 2021

Background papers

None.