

CABINET

19 OCTOBER 2021

MEDWAY NORSE UPDATE

Portfolio Holder: Councillor Phil Filmer, Portfolio Holder for Front Line Services

Report from/Author: Phil Watts, Chief Finance Officer

Summary

This covering report represents a mid-year review of the performance of the Joint Venture from the perspective of the Council client for the 2021/22 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 Phil Filmer 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, the Portfolio Holders for Children's Services (Lead Member) and Front Line Services and the Portfolio Holder for Resources.
- 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 continues to support Medway Council, as it recovers from the effects of the pandemic and Medway Norse colleagues attended the Covid recovery meetings with the Head of Capital Projects, to provide advice and assistance.
- 4.2 Ensuring "safe" service delivery in all service areas continues to be achieved with positive feedback. The current difficulties with UK supply chains have challenged reactive response, however the MN teams have been seen to deliver despite the supply adversity.
- 4.3 Throughout quarter 1 and into quarter 2 all mitigation practices have remained in place, with the decision taken not to reduce any of these additional measures until at the earliest the end of September – subject to Government guidelines and advice.
- 4.4 Health and Safety has continued to focus on coping with the Covid 19 pandemic and ensuring that sites remain safe for both staff and for customers. Government guidelines such as 2m distancing was maintained on sites, with booking systems to reduce the numbers of visitors on site. Where necessary security staff are employed at site entrances to greet customers and additional cleaning, sanitising and PPE products have been purchased.
- 4.5 Changes to previous Covid 19 processes include from 19 July social distancing and mask wearing policies ceased as directed by central Government.
- 4.6 Medway Council have retained the booking in system for the recycling centres but have increased number of visitors per time slot.

Capital Projects engagement with the Medway Norse hard FM team working alongside the Heritage team based at Medway, has several interesting projects proceeding and completed in the period. These require compliance with Conservation and Heritage standards of repairs that are involved and require considered planning and gradual implementation, with rigorous checks and sign offs.

A case in point relates to the gates to Upnor Castle; these had to be locked shut two years ago as the brickwork around the hinge pins had broken away and to prevent unsafe condition secured closed. The main pillar had deteriorated, and the brick piers were built over a century ago, and no records of how hinge mechanism connected or built into the brick work. Our JV internal Teams held meetings MBC Heritage team and Heritage England, before submitted the methodology for the solution. The works involved careful dismantling and re-instatement of the top section of the brick gate pier. The gate was removed once open. We had to undertake the works with both gates in the closed position. When both gates and supporting structures were approved for use, the gates will be redecorated to match existing colour utilising paint manufacturer as approved by English Heritage. A specialist stonemason team was employed and proceeded to dismantle and rebuild the pier to prescribed Heritage requirements, keeping MBC and EH informed of. English Heritage expressed thanks to Medway Norse for the way in which we had approached the repairs.

- 4.7 The Corporate and Schools Cleaning Contracts are progressing well. The Covid 19 Flow centres are now just handing test kits out to the public, with the closures of Medway Park, Rochester and Oast House.
- 4.8 Health and Safety has been boosted with a new Health and Safety advisor starting work at Medway this quarter.
- 4.9 Security regimes have been focused, during the last three months, with improving standards and training of the security officers. With the reintroduction of Toolbox Talks 121 meetings. A Quality manual has been completed and signed off. The Task, Duties and Responsibility document has been created specifically for each assignment. A new appearance will be noted with rebranded uniform which new includes shirts and ties.
- 4.10 The new Security Supervisor joined the team during quarter1, giving a depth to the security management team. This role will be driving up standards and deliver training through the department and to deputize for the Security Manager when not available.
- 4.11 New business for the Mobile Response team. Patrols for three new sites: -
 - Brook car park. Multi Storey car park connected to the Pentagon shopping Centre.
 - Old Vic. Empty building being refurbished.
 - Splashes Leisure Centre. Decommissioned leisure centre
- 4.12 Body Worn CCTV is now in use with the Mobile Response Team adding an additional safety mechanism to lone working and to provide video and audio evidence to any incidents or visits to alarm responses. The security office at Pier Road is developing into a mini control room. In addition, Servicetrac

software that assists the recording and reporting of patrols and responses is under development for Medway Norse Security. This should be in place during the next quarter. One electrical vehicle has been added to the security fleet.

- 4.13 There have been a notable number of incidences of dangerous trees on private land. The Tree Team are often requested to investigate concerns received from residents and Councillors reporting perceived 'dangerous' trees. This is often confused with nuisance and can be dismissed as such. However, over the first quarter the Tree Team had to investigate land ownership and hand deliver/notify by email three landowners to have their dangerous trees made safe. Acting on behalf of Medway Council, Norse has created a template and sent formal notifications to the owners referring to Highways and Local Government Miscellaneous Provisions Acts.
- 4.14 Staff Recruitment and retention of staff is an issue that is impacting on several services at Medway Norse. Agencies are being used to backfill. It should be noted that many trades and labour issues generally are in short supply following the pandemic. There is a lot of pressure created now as building work trades such as Electricians are in high demand and driver's shortages that are now noted in the media will continue to impact performance.
- 4.15 The delivery of the Capital programme is based on condition surveys and request instructions for major repairs where funding falls outside the repairs and maintenance criteria. The final works schedule is agreed following review and validation by the Property Board alongside engagement with the Capital Projects team. Works to properties are planned where possible to combine external work, such as roofing and repairs to window frames and cyclical decorations to minimise the number of times we need to put up scaffolding, as was the case with the recently completed Guildhall Museum in Rochester.
- 4.16 The major works include the refurbishment of the centre stairwell at The Brook Multi-Storey Car Park [MSCP] which has subsequently been subject to anti-social behaviour, although the volumes have reduced since Medway Norse Security were introduced. Other improvement works identified for 2021-2022 include Pool Plant works at Strood Leisure Centre, Hoo Swimming Pool and The Strand. The programme runs alongside the Refit programme (a procurement initiative for public bodies wishing to implement energy efficiency measures and local energy generation projects on their assets). These measures improve the energy performance of assets. As a result, carbon emissions can be reduced, substantial guaranteed annual cost savings achieved, and income generated. Medway Norse participate in the meetings with the new Refit 4 Contractor and are an essential part of the review process assessing future areas of energy improvement works, which saves on the condition programme works, and improves energy efficiency, reduces energy costs, and reduces carbon, assisting net carbon neutral Council objectives.
- 4.17 The Head of Capital has also had high-level discussions on future strategic goals with Medway Norse, so project areas continue with the JV working closely with Medway Council in regard to climate change and it being very much on the agenda.

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 Pitch 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 have faced a challenging year, due to a late and extended growing season and staffing issues since early May 2021, with about 20% reduction in staff due to recruitment and retention issues. This made the catch up following No Mow May harder than anticipated and led to delays in grass cutting this spring and summer.
- 5.3 The No Mow May campaign has split public support with very vocal social media support from local environmental groups supportive of the concept of allowing nature to flourish for the benefit of bees and biodiversity, but with other residents raising concerns regarding cutting sight lines at junctions and park and verge grass being left uncut for several months, beyond May.
- 5.4 Lessons have been learnt from this and a new programme verge and park maintenance is being drawn up for next Spring. The aim is to continue the model of "right maintenance in the right area". This will mean urban highways and parks having a standard maintenance cut, with some parts left to naturalise such as high-speed roads and under trees in parks. Sightlines will be on a higher frequency to maintain safety.

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 numbers across a high number of routes. Any safeguarding concerns raised are resolved 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 was highlighted during the Covid-19 crisis, where transport 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 and then again in March 2021 through to the current period, with all pupils requiring transport on Norse routes being appropriately transported to and from school.
- 6.5 The School Admissions and Transport Team will continue to work with Medway Norse, 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; 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 Climate Response and 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 Highlights this period include:

7.2.1 All three HWRC's are operating under booking system.

7.2.2 Available booking data for the period 1 April to 12 September 2021 shows that **77%** of the slots offered were booked with **15%** no shows.

	Hoath	Capstone	Cuxton	Total	Percentage
Booked slots	32,960	35,243	40,429	108,632	77%
No shows	4,935	5,469	6,388	16,792	15%
Slots offered	40,752	50,928	49,328	141,008	

7.2.3 Tonnage data for this reporting cycle is available for April until July 2021 and shows that the HWRC's have achieved a **63%** recycling rate.

	Capstone	Cuxton	Hoath way	Total
Recycled (as per NI192 calculation)	1,065	1,203	923	3,191
Residual waste	644	634	608	1,886
Total waste	1,709	1,837	1,530	5,076
Recycling rate	62%	66%	60%	63%

7.2.4 Customer satisfaction surveys went live 26 April 2021 for a period of 6 weeks. Survey invitations were sent via the booking system to those who had visited the sites over this period.

7.2.5 The survey gained views from **2,440** customers on:

- Satisfaction with cleanliness of the sites
- Satisfaction with recycling facilities available on sites
- Satisfaction with site staff

I am pleased to report that overall satisfaction was rated at **93%**.

7.2.6 As part of this survey customers were also asked how they felt about the HWRC booking system. Highlights from this include:

- **98%** of customers found the booking system easy to use
- An average of **89%** of customers were able to book a slot on their preferred date/time
- **94%** of customers were either very satisfied or satisfied with their booking experience

7.2.7 Customers were also asked to tell us how much they agree or disagree with the statement '***I feel the council should keep the booking system to access HWRC's in the future***'.

It should be noted that this question was included as part of the survey to gain **initial views only** and would not replace the governance decision or public consultation that a change of this scale would require).

Of the 2,440 respondents:

- 71% either strongly agreed or agreed with the statement
- 14% neither agreed nor disagreed with the statement
- 15% either strongly disagreed or disagreed with the statement

7.2.8 During this reporting period Medway Norse have secured an outlet for rigid plastics which went live during September at Capstone only.

7.2.9 This new scheme replaces the rigid plastics outlet that was lost due to market conditions in 2017 and means customers can now take unwanted garden furniture, children's plastic toys, plastic storage containers and more to be recycled at Capstone site. Further work will continue over the next year to implement the scheme at the remaining sites.

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

8.1 Medway Norse has maintained a good standard of service on the waste collection and street cleansing contract. The severe shortage of qualified HGV drivers nationally has been experienced at Medway Norse. Collection service continuity has been maintained through staff overtime and redeployment of two supervisors who are qualified HGV drivers.

8.2 Monthly contract meetings between Medway Norse and Waste Services review performance, good practice, issues and improvement opportunities. Medway Norse have invested in new radios with GPS location capability which now give the office instant communication with crews and allows supervisors to direct the most appropriate/closest crew to resolve issues.

8.3 The performance of the contract by Medway Norse continues to remain at a good level. Throughout the pandemic collection drivers and loader have been redeployed to rounds and services they are not always familiar with. This can result in missed collections where staff are unfamiliar with the rounds and is

reflected in the largest stage 1 complaint increase in the “collection issues” and “missed collections” categories. Between April and June 137 stage 1 waste collection and cleansing complaints were made, almost twice the average for this period of 69 complaints (2018-19: 122, 2019-20: 55, 2020-21: 30). It should be noted that given the number of collections undertaken this is still a very low level (over 4 million in this period). However, the contracts team will continue to work with Medway Norse to understand this increase and ascertain the root cause of any increase so that numbers can be reduced.

8.4 Medway Norse continue to provide a very popular bulky waste service to Medway customers. The service remains very popular in Q1 and all available slots were fully booked with a 4 week wait for standard collection.

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

9.1 Estate Services continue to be delivered effectively in partnership with Medway Norse, with sixty inspections carried out by Housing Management on a quarterly basis to assist with contract monitoring. The Medway Norse Team deliver customer satisfaction cards to tenants / Leaseholders on a daily basis and freepost back to Housing, to Monitor customer satisfaction.

9.2 Operational meetings continue every six weeks, where day to day issues, performance and customer satisfaction are addressed. Strategic meetings are carried out bi-annually where the suite of eight Key Performance Indicators (KPIs) and the open book accounting with profit share are monitored.

9.3 Customer satisfaction is currently at 85%. The Inspections carried out by Housing Management on a traffic light system, for QRT 4, year six of the contract, July, August and September 2021, Green graded 35 sites, Amber graded 15 sites, Red graded zero. There are still 10 sites to visit before the end of September. The sites are graded in line with Housings, Estate Standards Booklet.

10. Financial Implications

10.1 Although the joint venture has not yet posted final accounts for the 2020/21 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.

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Appendices

Appendix 1: Medway Norse Cabinet Report October 2021

Background papers

None