

## **CABINET**

**5 JULY 2022**

### **MEDWAY NORSE UPDATE**

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

Report from/Author: Phil Watts, Chief Operating 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 The joint venture is also responsible for the grounds maintenance contract, school transport for children with special educational needs and the waste collection and street cleansing activities, which means that the joint venture's gross turnover now stands at 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 of Frontline Services. The Board is responsible for the overall performance of the joint venture.

3.2 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.

3.3 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 The corporate client has found that labour shortages within Medway Norse have meant delays to completion of repairs and maintenance of the corporate estate. Medway Norse are looking to recruit to address the labour shortages and the impact.

4.2 It is requested that the Medway Norse CIMMS system (PIRANHA) be shared with Medway Council to assist collaborative review of the joint venture work streams and ensure transparency, we look forward to this happening by the next reporting period, this was discussed at the recent Client Liaison Board, we look forward to progressing this important item. An interim solution to having access to MC areas of the CIMMs has been set up via a Teams folder has been set up so that the planned maintenance programme can be uploaded onto Teams and shared (when the Teams is viable) with Building Managers.

4.3 Medway Norse continue to work with Medway Council to prepare and deliver the building repair and maintenance programme. In 2021/22 the works included installation of ultraviolet systems to Strood leisure centre pools, repairs to Upnor castle, and installed a new roof on both Cliffe Woods and Barnfield pavilions and external repairs to the Guildhall Museum.

4.4 Works planned for 2022/23 are redecoration of the Brook multistorey car park, replacing the scissor lift at the Central Theatre and refurbishment of the pool filters at the Strand.

4.5 A programme of condition surveys will be carried out during 2021/22 which will inform future planned maintenance strategies and Medway Council are working with Medway Norse to agree the specification of the surveys.

4.6 An audit of the paperwork at buildings, instigated by the Medway Council Building Safety Manager and Medway Council health and safety, will be reviewed to assess for completeness and statutory compliance, the results will be relayed to Medway Norse. We will be collecting feedback from Building Managers regarding response times to works orders and rate their satisfaction over repairs undertaken.

4.7 The labour shortages and their potential impact on hard facilities management planned management activities planned maintenance activities activity details will be reviewed regarding data analyses. A new set of data sets will be used

to show the planned activity, attendance / non-attendance, and a review of the data. Reactive repairs will also be reviewed and the periods of reactive repairs outstanding over 1month / 2 months / 3 month / >3 months.

## 5. Greenspaces (from Head of Climate Response and Environmental Services)

5.1 The growing season has started early this year with first cuts taking place in February. The spring bulb display has been well received for the third year in a row with additional planted areas. This has been widely reported on social media and received significant praise from the local community. A communication campaign has started to promote the wide range of green spaces in Medway raise the profile of our wonderful green space assets.

## 6. Transport (from School Services Transport Manager)

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

6.2 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 the again in March 2021 through to the current period, against a challenging national and local backdrop of driver and vehicle availability, which continues to heap pressure upon the transport system. All pupils requiring transport on Norse routes are being appropriately transported to and from school, with additional support from other framework providers.

6.3 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 Council managed booking system.

7.2.2 Available booking data for the period 1 April 2021 to 31 March 2022 shows that 64% of the slots offered were booked with 17% no shows.

	<b>Hoath</b>	<b>Capstone</b>	<b>Cuxton</b>	<b>Total</b>	<b>Percentage</b>
Booked slots	64,447	69,262	80,765	<b>214,474</b>	64%
No shows	10,556	12,582	13,708	<b>36,846</b>	17%
Slots offered	94,932	124,268	115,204	<b>334,404</b>	
Actual visits	53,891	56,680	67,057	<b>177,628</b>	

7.2.3 Tonnage data for this reporting cycle is available for April 2021 until March 2022 and shows that the HWRC's have achieved a 64% recycling rate (up from 63% during previous year).

	Capstone	Cuxton	Hoath Way	Total
Recycled (as per NI192 calculation)	2,861	3,201	2,338	8,400
Residual waste	1,557	1,574	1,533	4,664
Total waste	4,417	4,775	3,871	13,064
Recycling rate	65%	67%	60%	64%

7.2.4 Medway Norse continue to divert rigid plastics for recycling through the new outlet secured in 119 tonnes diverted from residual waste for the reporting year.

7.2.5 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 in spite of resourcing challenges from Brexit, HGV driver shortage and Covid.

8.2 Monthly contract meetings between Medway Norse and Waste Services review performance, good practice, issues and improvement opportunities. Medway Norse issue a daily service status update which is an early warning of service pressures that can be shared with other councils to improve understanding of potential issues.

8.3 The performance of the contract by Medway Norse continues to remain at a good level. The Council and Medway Norse have worked closely to improve complaint handling and stop service requests escalating to complaints including a refreshed process for council officers' investigations and shared tracking of complaints with the Norse administration team.

8.4 Medway Norse continue to provide a very popular bulky waste service to Medway customers and all available slots were fully booked with a four 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 The Inspections carried out by Housing Management on a traffic light system, for QRT 1, year seven of the contract, October, November and December 2021, Green graded 19 sites, Amber graded 08 sites, Red graded zero. There were still 33 sites due to be visited before the end of December. The sites are graded in line with Housings, Estate Standards Booklet.

## 10. Medway Council Cleaning Services

10.1 Proposal to Transfer to Norse

10.2 Medway Norse delivers the cleaning services for the majority of Medway Council facilities. However, cleaning responsibility and associated staffing for Council-run sports centres currently remains within the Sport, Leisure, Tourism and Heritage service.

10.3. It is now felt appropriate to transfer the cleaning function from the service to Medway Norse, bringing consistency to the delivery of this function across the Council.

10.4 It is therefore proposed that designated sports centre cleaning staff and associated budgets are transferred to Medway Norse, which will assume responsibility for cleaning all areas within Medway Council sports centres.

10.5 Cleaning staff will be required to transfer under TUPE legislation from the Council to Medway Norse. Discussions have been held with Medway Norse regarding the transfer.

## 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. Financial implications

12.1 The joint venture has now posted final accounts for the 2020/21 financial year, reporting a total profit of £1.33million and is expecting to return a rebate of around £665,000 to Medway Council. This represents a significant increase

over previous years. A profit of £1.15million is anticipated in the current financial year and a rebate to the Council of £575,000.

### 13. Legal implications

13.1 There are no direct legal implications arising from this update report.

### 14. Recommendation

14.1 The Cabinet is asked to note the contents of this report and Appendix 1 and to approve the transfer of the cleaning function, relating to Council-run sports centres, from the Sport, Leisure, Tourism and Heritage service to Medway Norse, as set out at paragraph 10 of the report.

### 15. Suggested reason for decision

15.1 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 June 2022

### Background papers

None