

CABINET

10 JANUARY 2023

MEDWAY NORSE STRATEGIC 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 (JV) 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.
 - 2.3 In response to a question raised via Business Support Overview and Scrutiny Committee, it can be confirmed that all of the contracts for services provided to the Council by Medway Norse have been agreed and signed by both parties.
 - 2.4 The main contracts for core facilities management, green spaces and waste collection and street cleansing all expire at the end of June 2023 and the Council and Norse Commercial Services have exchanged 'letters of intent' to

exercise a five year extension to the contracts, subject to agreeing the ongoing specification and revised key performance indicators.

- 2.5 In addition to this, Members requested an analysis of the total contract spend with Medway Norse since 2015/16, broken down by service area. This is provided at Appendix 3.
- 2.6 They also requested information confirming the current status of staffing at Medway Norse including total staff numbers, absence and attrition since the 2015/16 budget year. This information is provided in the table below:

Financial Year	Days Lost Through Sickness	Turnover	Headcount	TUPE in	TUPE out
2021/2022	9,238	201	815	54	0
2020/2021	12,609	232	873	5	3
2019/2020	7,521	94	871	273	0
2018/2019	3,750	118	564	11	0
2017/2018	4,476	117	561	132	2
2016/2017	4,151	102	491	19	0
2015/2016	3,295	86	485	23	0

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 Medway Council does not have a controlling interest in the joint venture and Norse Commercial Services is the majority shareholder, with 80% of the shares. However, the Council is able to influence the strategic direction of the joint venture, through the Portfolio Holder, who is chairman of the Board of Directors and who has the sole right of veto. The Leader, Portfolio Holder and senior officers of the Council also have bi-annual strategy meetings with colleagues from Medway Norse and its parent company, Norse Commercial Services.
- 3.3 Corporate client responsibility lies within a number of areas. Responsibility for the original facilities management core contract sits with the Head of Capital 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. These arrangements are expected to continue.
- 3.4 This strategic update comprises 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 along with the Climate Change Action Plan Refresh 2022/23 for Quarter 2.

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

- 4.1 Medway Norse have continued to find recruitment of competent tradespeople a challenge in the current climate and since the pandemic. This has exacerbated their response to reactive works submitted by Council staff and the continued use of third-party subcontractors, which is costly and inefficient.
- 4.2 The Property and Capital Projects Team are still waiting on access to Medway Norse CIMMS to enable a better sharing of building information. A meeting was held between the Medway Norse Operations Director, Assistant Director, Medway Council's Head of Property and Capital Projects, FM and Energy Data Manager and the Building Safety Manager in late November to discuss a way forward for Norse to report hard facilities management in such detail that waste is provided. While a set of proposed KPI's were submitted by Property and Capital Projects in June, Medway Norse apologised that these had yet to be implemented. Further discussions will be had between both parties early in 2023.
- 4.3 Medway Norse have reacted to several Emergency situations to critical Council buildings over the period, and we appreciate their efforts. Medway Norse have also worked on building related issues in the Transport asset area to improve Health and Safety.
- 4.4 The works to The Brook multi-storey car park, The Strand and The Central Theatre have been completed, however not without critique from the end user (The Central Theatre). Medway Council and Medway Norse will work collaboratively on future projects to ensure the end user has a specific statement of requirement prior to undertaking and material changes of equipment or accessories.
- 4.5 The building condition surveys are ongoing with a view to completing the Corporate building stock surveys by the 10 year anniversary of the JV contract in May. Medway Norse are completing these by in-house company Hammond Barron Smith. 20% of the portfolio has been completed at the time of this update.
- 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. This task is currently on hold and will continue / increase as resources become available.
- 4.7 Labour shortages and their potential impact on hard facilities planned maintenance activity will be reviewed and analysed. New data sets will be used to show the planned activity and attendance / non-attendance etc. Reactive repairs will also be reviewed particularly those outstanding over 1 month, 2 months and 3 months.

5. Greenspaces (from Head of Regulatory 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.

6.2 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) focuses 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 Regulatory 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 2022 to 31 October 2022 shows that 66% of the slots offered were booked with 11% no shows.

	Hoath	Capstone	Cuxton	Total	Percentage
Booked slots	44,838	41,931	50,094	136,863	66%
No shows	7,463	3,355	4,065	14,883	11%
Slots offered					

	59,640	74,040	73,376	207,056	
Actual visits	37,375	38,576	46,029	121,980	

7.2.3 Tonnage data for this reporting cycle is available for 1 April 2022 until 31 October 2022 and shows that the HWRC's have achieved a 66% recycling rate.

	Capstone	Cuxton	Hoath Way	Total
Recyclable waste	1,684	1,919	1,503	5,105
Residual waste	834	780	1,006	2,620
Recycling rate	65%	67%	60%	64%

7.2.4 Medway Norse continue to divert rigid plastics for recycling through the new outlet with 182 tonnes diverted from residual waste for the reporting year so far.

7.2.5 A new outlet for CD recycling secured at the start of this financial year has seen 1 tonne of CDs diverted for recycling.

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

8.1 Medway Norse has maintained a good standard of service on the waste collection and street cleansing contract.

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 is shared with other council teams to improve understanding of potential issues and manage expectations.

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.

8.5 Following a successful trial in Summer 2022, Medway Norse procured new compact street cleansing vehicle more suited to pedestrian areas. It began operations in Autumn 2022 and schedules are being developed for focused cleansing in pedestrian areas including town centers and shopping areas.

8.6 Monday 19th September 2022 was designated as an exceptional public holiday for the state funeral of Her Majesty The Queen. Waste collection was suspended on Monday 19 September and all Bulky waste collections were rescheduled. Normal service resumed on Tuesday 20 September.

8.7 Via Business Support Overview and Scrutiny Committee, Members requested information regarding the numbers of freestanding bins per (current) local authority ward and the number of free-standing bins present and unaccounted for in actual numerical and % terms missing per ward. The table below was provided by colleagues from the RCE directorate.

	Deleted record as site not suitable	Install: new free standing	Install: new post mounted	TOTAL Q2 Site visits
Chatham Central	5	3	4	12
Cuxton & Halling	4	3	1	8
Gillingham Nth	5	1	1	7
Gillingham Sth	11		3	14
Hempstead & Wigmore	3	1	1	5
Lordswood & Capstone	5	3	8	16
Luton & Wayfield	12		2	14
Peninsula	4			4
Princes Park	20	3	5	28
Rainham Central	4		3	7
Rainham Nth	12			12
Rainham Sth	3		1	4
River	17	3	1	21
Rochester East	3		3	6
Rochester Sth & Horsted	6	2	3	11
Rochester West	6		2	8
Strood Nth	29	8	4	41
Strood Rural	6	4	1	11
Strood Sth	15	2	4	21
Twydall	3		4	7
Walderslade	4		3	7
Watling	1			1
	178	33	54	265

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 weekday 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. The next strategic meeting is scheduled for January 2023 where the open book accounts will be addressed for the end of year seven of the contract.

9.3 The Inspections carried out by Housing Management are on a traffic light system. Year seven of the contract completed September 2022, where the gradings are as follows; Green graded sites, 132. Amber graded sites, 106.

Red graded sites, 02. Year Eight QRT 1 inspections are underway with 18 sites visited to date. The sites are graded in line with Housings, Estate Standards Booklet.

10. Risk management

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

11. Financial implications

11.1 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.

12. Legal implications

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

13. Recommendation

13.1 The Cabinet is asked to note the contents of this report and Appendices.

14. Suggested reason 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 Quarter 2 2022
Appendix 2: Climate Change Action Plan Refresh 2022/23 – Quarter 2
Appendix 3: Medway Norse Contract Spend since 2015/16

Background papers

None