

Cabinet Sub Committee
(Medway Norse Ltd Shareholder Board)

8 October 2024

Progress Update - Business Plan & KPIs 2023 - 2028

Portfolio Holder: Councillor Simon Curry, Portfolio Holder for Climate Change and Strategic Regeneration

Report from/author: Ruth Du-Lieu, Deputy Director Place & Norse Client Lead

Summary

This report seeks to update the Committee on the progress relating to the development of a business plan and the associated Key Performance Indicators (KPIs) for the Joint Venture. At this stage these documents are still being developed.

1. Recommendations

1.1 That the Cabinet Sub Committee:

1.1.1 Note and agree the objectives set out in section 5 delegating the project scope and governance to the Director of Place.

1.1.2 Agree to a revised timescale for a draft strategy and update on progress as February 2025.

2. Suggested reasons for decision(s)

2.1 The Sub Committee is requested to consider the recommendations above and approve or direct on an alternative course of action.

3. Budget and policy framework

3.1. The decision is within the council's policy and budget framework including the Council Plan. The receipt of regular reports to shareholder board and the opportunity to hold to account the Chief Executive and the Chair of the Board of Directors in respect of the company's performance aids and enhances transparency and accountability of the Council's Local Authority Trading Companies (LATCOs).

4. Background

- 4.1 At the first meeting of Cabinet Sub Committee (Medway Norse Ltd Shareholder Board) on the 6th of June 2024, the client advised the Sub Committee that there was work to be done by the Council, to set a strategy for Medway Norse. This was to be a collaborative exercise between the Administration and the Corporate Management Team. This would then facilitate the development of the draft Business Plan and the establishment of KPIs. The Sub Committee accepted this to be the case and directed the Client to progress as appropriate. The Sub Committee asked to see a draft Business Plan at the next meeting.
- 4.2 The draft Business Plan which exists but is hitherto unpublished and unadopted, was thought not to be fit for purpose. Political leadership and policy changes that were a result of the new Administration taking power in May 2023 had led to the Council reviewing the governance and the strategic direction of all three LATCOs. Therefore, although the operational functions and company board for the Joint Venture had continued largely unaffected, the strategic planning and governance by the Council has and is still going through a period of transformation.
- 4.3 At the time of the initial meeting of the Sub Committee it was anticipated that the work required for the Council to establish a strategy and then work with Medway Norse to agree a Business Plan and KPIs would be completed by this meeting of the next Sub Committee. However, that work is still underway, and it has been recognised that setting the strategy is a larger piece of work than first anticipated. This work is in hand and being led by the Client team.

5. Client Officer observations and recommendations

- 5.1. The work required to transform the Joint Venture has taken some time to perfect and the steps needing to be taken have been through many iterations. There has been a lot of discussion as to the future of the Joint Venture and in what direction it should be taken. Whilst there was a general acceptance from all parties that the outputs and outcomes delivered by Medway Norse were conducive to the service provision expected there remain questions around the strategic plan for the services currently delivered through the Joint Venture. Testing, for example, the value for money of the Joint Venture versus operating certain aspects in-house and reflecting the Administrations' vision for certain functions have all been raised as important considerations.
- 5.2. There has also been an extensive piece of work led by Legal Services to transfer the existing Service Level Agreements (SLAs) to a new schedule with terms and conditions. This was part of transforming the governance arrangements, but it did not address the strategic direction or the Medium Term Financial Outlook for the Joint Venture. In parts this work is ongoing.
- 5.3. As the Client I now have the mandate required to establish a project which will assist the Council in developing its Strategy which then allows Medway Norse

Ltd to progress a Business Plan and the Client to develop a suite of KPIs. I have set out below the high-level steps I intend to follow with my client side colleagues and with Medway Norse Ltd representatives:

- Develop a Project Scope and Project Initiation Document which will look to achieve the following outcomes:
 - Define the services that Medway Norse deliver now and then in the future to inform the strategic direction
 - Define any services that the Councils vision feels may be better delivered in house or by a third party and conversely identify any services that may benefit from being delivered by Medway Norse but are currently not
 - Define any specific functions that are identified as having either opportunities for transformation or which would benefit from an in-depth review
 - Define and agree the current spend profile against services / functions and identify any gaps or pressures
 - Agree what is out of scope and any assumptions e.g. no intention of market testing any services / functions etc
 - Define the approach which is likely to be a review of each service / function using recognised Business Process Reengineering methodologies
 - Define the outcomes expected e.g. reduced outputs by Medway Norse to reflect changes in service provision, reduced costs to the Council etc.
 - Define deliverable e.g. strategy, business plan parameters, KPIs and financial strategy
 - Agree roles, responsibilities and timescales
 - Define the governance including management of risks and issues
- Assuming the approach to reviewing services / functions is as I suggest using Business Process Re-engineering methods, this will take the form of a series of workshops involving service experts from the Council and from Medway Norse.
- An update on the project's progress will be brought to the February 2025 Sub Committee meeting, at which the objective will be to include a draft strategy document and an update on the project overall.

6. Risk management

- 6.1 Risk management is an integral part of good governance. The Council has a responsibility to identify and manage threats and risks to achieve its strategic objectives and enhance the value of services it provides to the community.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Insufficient oversight of LATCO activity and performance	The company's objectives and performance do not align with the council's aspirations	Shareholders boards have been established to receive regular reports for the LATCO and provide steer to the company Chief executive and Chair of the board of Directors on their expectations	CIV
Council exposure to unknown risks	The company's activities expose the council financial and or risk	Regular reporting to the shareholder board on activity and risks	CIII
		A scheme of delegation ensure more significant decisions are taken at more senior levels within the company/ council.	CIV
The JV contract remains ultra vires	MN decide to pull out of the arrangement	Progress the revised contract at pace	CI
		Maintain communications between Council and NCS / MN to progress revised contract	CI

For risk rating, please refer to the following table

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

7. Consultation

7.1 Not applicable.

8. Climate change implications

8.1 [The Council declared a climate change emergency in April 2019](#) - item 1038D refers, and has set a target for Medway to become carbon neutral by 2050.

8.2 There are no direct implications arising from this report or the draft business plan, any that do arise are contained within the individual reports from the LATCO.

9. Financial implications

9.1 There are no direct financial implications arising from this report.

10. Legal implications

10.1 The shareholders own the business, however the day to day management of the business is the responsibility of the Chief Executive and the Board of Directors. The shareholders responsibility derives from the Articles of Association (which set out the company's purpose and governance framework) and the Memorandum of Understanding sets out the operational decision making framework.

10.2 As a shareholder, the Sub Committee is entitled to receive regular reports from the Board of Directors on the company's activities, its performance, outlook over the next quarter and beyond. The shareholders need to be confident that the company's Chief Executive and the Board Directors can deliver on the approved business plan and to be informed if there are any material changes to the business plan or divergences from expected returns.

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Appendices

None

Background papers

None