

Cabinet Sub Committee
(Medway Norse Ltd Shareholder Board)

21 November 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, Front Line Services and Deputy of Director of Place, & Norse Client Lead

Summary

This report seeks to update the Sub 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 and a project is being progressed.

1. Recommendations

1.1 That the Cabinet Sub Committee note the progress made on the Medway Norse Improvement Project and provide any direction as appropriate.

2. Suggested reasons for decision(s)

2.1 As a shareholder, the Sub Committee needs a strategy and business plan in place in order to be confident in delivery.

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 Medway Norse shareholder board (Cabinet Sub Committees) on the 6 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 is 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 October 2024 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- 4.2 The draft Business Plan which exists but is hitherto unpublished and unadopted, was thought not to be fit for purpose.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.
- 4.4 At the October 2024 meeting of the Sub Committee the broad scope for an improvement project was agreed along with the outcomes/ outputs and governance.

5. Client Officer observations and recommendations

- 5.1. The Project Initiation Document (PID) is at draft stage. It has been shared with the Director of Place and the Portfolio Holder for an initial review and comments. It has now been re drafted and will next be shared with stakeholders for their review and comments. It is anticipated that the PID will be shared with this committee at the next meeting.
- 5.2. The project will be planned over three stages (with stage 2 and 3 running concurrently).
- 5.3. Stage 1 – this will be an interim review of services to ascertain any changes that can be made to reduce spend in 25/26. This is to broach the budget gap that has been identified. This is because The JV's proposed uplift, which reflects revised assumptions around the impact of National Living Wage and National Insurance Contributions, is £2.237m in excess of our 2025/26 budget assumptions and the Draft Budget agreed at Cabinet does not factor this pressure in. Notwithstanding the impact of increases to the National Living Wage and the changes to the employers National Insurance rate and thresholds, the £2.698million uplift represents an increase of over 9% on the 2024/25 budget and is wholly unaffordable. The project will look at interim changes that can be made to meet some if not all of this budget pressure.

These may be one year changes or may be pilots for the new service provision.

- 5.4. Stage 2 – this will be the main body of the work described in the previous report to review current service schedules, functions, operational ways of working and budgets. Then to draft new ways of working where applicable (which may be similar, different or new). Then to cost these up and agree a final version that is affordable. The overall output being a new way of Medway Norse delivering services that is affordable and acceptable to the Administration and in line with their vision. It should be noted that it may be decided that certain functions are better delivered externally or in house and not by the JV.
- 5.5. Stage 3 – Running concurrently with stage 2, the project will look to create a Medway Norse Strategy document which will set out the plans for delivering services via the JV. That will then inform financial strategy and allow Medway Norse to create a Business Plan for the next 5 years.

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 received 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 unknow 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		Progress the revised contract at pace	CI

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remains ultra vires	MN decide to pull out of the arrangement	Maintain communications between Council and NCS / MN to progress revised contract	CI

6.2 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. Climate change implications

7.1 [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.

7.2 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.

8. Financial implications

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

9. Legal implications

9.1 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.

- 9.2 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.

Lead officer contact.

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Appendices

None

Background papers

None