



Cabinet Sub Committee

(Medway Norse Ltd Shareholder Board)

7 October 2025

Quarterly progress update on Joint Venture

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

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

Summary

This report seeks to update the committee on progress, performance, risk, budget and contract status relating to the operation of joint venture between July 2025 and September 2025.

1. Recommendations

- 1.1 That the Cabinet Sub Committee notes the contents of this report and provides any direction they feel is necessary.
- 1.2 That the Cabinet Sub Committee notes that the business plan for 2025/26 will not now be progressed, and a business plan will be developed to take effect from 2026 to 2030 by December 2025.
- 1.3 That the Cabinet Sub Committee approves the nomination of the Director of People (as Chair) and the Chief Information Officer as the council appointees to the MN Board of Directors.

2. Suggested reasons for decision(s)

- 2.1 The Sub Committee is requested to consider the recommendations above and note, no action required unless they wish to provide direction on any aspects.

3. Budget and policy framework

- 3.1. The decision is within the Council's budget and policy framework including the Council Plan. The receipt of regular reports to the Sub-Committee 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-Committee) on 6 June 2024, the client advised the Cabinet Sub Committee that there was work to be done by the Council to set a strategy for Medway Norse.
- 4.2. The draft Business Plan 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 (Kyndi, Medway Development Company and Medway Norse). (Technically, Medway Norse is two separate LATCOs, Medway Norse Ltd & Medway Norse Transport Ltd).
- 4.3. Therefore, although the operational functions and company board for the MN Joint Venture have continued largely unaffected, the strategic planning and governance by the Council has, and is still going through a period of transformation.
- 4.4. At the October 2024 meeting of the Sub Committee the broad scope for an improvement program was agreed along with the outcomes/ outputs and governance.

5. Contract update

- 5.1. Work has been ongoing to update the contractual relationship between Medway Council and Norse Group. This followed the core contract expiring and the Council issuing a letter of intent stating the Council intended to extend the contract. This was to ensure key services continued to be provided by Medway Norse whilst discussions were had around governance, budget, strategy etc. However, in 2023, the Council decided to begin a full review of the terms of the joint venture, the governance and the strategic approach.
- 5.2. The work to create the schedules was completed and agreed with Norse Group in 2024. However, the Council was unable to agree with Norse Group the entire suite of terms and conditions the Council intended to contract by.
- 5.3. As a result, the decision was taken to issue them with an updated Letter of Intent so that the service provision could be maintained and the Council had assurance that the joint venture could continue operating during this period of reflection and change.
- 5.4. To facilitate this exercise the Council and Norse group have agreed that during 2025/26 they will work collaboratively to review the services or functions in scope so that a recommendation can be made to Members in January 2026 around if any services or functions should be decommissioned from April 2026 and what effect this may have on the joint venture and the

remaining services and functions. This piece of work means that there will not be a business plan drafted for 2025/6.

5.5. The Letter of Intent also made it clear that services not in scope for consideration for decommissioning would be subject to an extension of up to five years from April 2026. This will be supported by a business plan for 2026 to 2030.

6. Programme Management

6.1 The Business Change team have formulated a Programme Management Office (PMO) are working closely with Council leads and Norse Group to manage via project management the review of services and functions as well as planning the review of operational and business processes for those services and functions that will continue to be delivered by the JV. The PMO are putting in place systems, processes and documents to plan and manage the overall programme and projects with the aim that this will be Medway Norse Improvement Programme previously reported to this committee.

6.2 The Business Change team in July 2025 appointed a Senior Programme Manager and in September are undertaking a recruitment process for two Programme Managers.

6.3 The first MN Improvement Programme was held on 23 September 2025. A term of reference has now been agreed for the programme Appendix D. This sets out the overall programme and how the various meetings within the programme and the governance for the JV fit together. A priority is to establish scoping documents for all of the projects that are sitting within the programme. This work is well underway and once finalised the scoping documents will provide the clarity, we have been lacking to move the projects along and to keep Members informed on progress. What will follow will be an overall action plan that will set out the critical path for the programme this will enable the PMO to ensure the projects are on track to deliver their agreed outputs and outcomes.

6.4 Changes to governance for JV - at the last sub-committee, the revised governance arrangements were agreed. Since then progress has been made to implement the changes. There are two main areas that need to be implemented:

1. Deletion of the Liaison Board in favour of the Client Liaison Board. This has proved to be more of a challenge than it should have been. However, there is now clarity over how it will operate and when it needs to meet. This board is integral to the governance of the JV and is the mechanism for all of the shareholders to meet and discuss the operations and progress against the business plan. The meeting will be in two main sections. The first half will be to discuss service standards, operations, innovation etc. The second half will be the shareholders discussing the joint business issues to ensure Medway Norse Ltd. Is being jointly run as effectively as possible. Although these meetings will be quarterly to

complement the company board, given the next one is due in January an interim 'launch' meeting will be set up for the end of October.

2. At the last meeting it was noted that meetings of the Medway Norse Liaison Board were chaired by Medway Council and it was requested that meetings of the Liaison Board, the Sub Committee and the Medway Norse Company Board take place within 48 hours of each other and that the timings of these meetings be based around when the Norse Board meetings were due to take place. It was requested that an item to discuss this be placed on the agenda for the next meeting of the Sub Committee, work is currently underway liaising with the Medway Norse to rearrange the relevant meetings.
3. The change in non-executive directors for the JV. It has been agreed that Katey Durkin and Adam Bryan will step down forthwith and should I be replaced with Lee-Anne Farach and Paul Boyd subject to the Cabinet Sub Committee. The necessary paperwork is currently being completed, and the existing NED's have already attended their last company board meeting in September leaving the way open for the new NEDs.

6.5 The updates from Medway Norse on performance, risk, health and safety are contained in the exempt Appendices to the report.

7. Risk management

7.1 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	CIV

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		more senior levels within the company/ council.	
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

7.2 The joint venture's risk register, comprising the ten highest scoring residual risks is included at Appendix C to the report. Mitigating action is set out clearly and monitored regularly.

8 Consultation

8.1 The financial monitoring and risk register are regularly reviewed by the company's board, comprising three directors appointed by NCS Ltd. and two officers appointed as directors by the Council.

9. Climate change implications

9.1 [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.

9.2 There are no direct implications arising from this report any that do arise are contained within the individual reports from the LATCO.

10. Financial implications

10.1 The joint venture is currently forecasting profit before rebate and tax of £620,000, which would result in a rebate to the Council of £310,000 for the financial year 2025/26.

11. Legal implications

11.1 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.

11.2 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

Exempt Appendix A - Medway Norse Performance Update (MN Q1 Report)

Exempt Appendix B - Medway Norse Risk Register

Exempt Appendix C - Terms of Reference Medway Norse Improvement Programme

Background Papers

None