



## OVERVIEW & SCRUTINY COMMITTEE

Thursday, 3 December 2014

### WAVENEY NORSE ANNUAL PROGRESS REPORT (REP1246)

#### EXECUTIVE SUMMARY

1. To receive the annual progress report of Waveney Norse for the 2014/15 year.

Is the report Open or Exempt?	Open
<b>Wards Affected:</b>	Whole of the District of Waveney
<b>Cabinet Member:</b>	Cllr Stephen Ardley Cabinet Member for Operational Partnerships and Lowestoft Rising
<b>Supporting Officer:</b>	Andrew Jarvis Strategic Director 01394 444323 <a href="mailto:andrew.jarvis@eastsoffolk.gov.uk">andrew.jarvis@eastsoffolk.gov.uk</a>

## 1 INTRODUCTION

1.1 Waveney Norse (WN) was formed as a Joint Venture Company (JVCo) partnership between Waveney District Council and Norse Commercial Services/Waveney Norse Ltd in July 2008 with the strategic partnership (Partnership) commencement date of 1 August. Now in its eighth year, the Partnership continues to develop and currently provides the following front line operational services on behalf of the Council:

- Refuse & Recycling
- Street Cleansing & Drainage
- Strategic Waste & Environmental Enforcement
- Grounds Maintenance
- Cemeteries & Burials
- Building & Public Convenience Cleaning
- Car Parks
- Facilities Management/Maintenance
- CCTV (incl out of hour/emergency calls)
- Home Alarms
- Fleet Management

## 2 FINANCIAL OVERVIEW

2.1 The table below shows a high level final accounts summary of the JVCo Partnership's financial performance during the 2014/15 Waveney Norse fiscal year. The accounts for the year have been audited and verified by Grant Thornton Accountants:

<b>2014/15 FINANCIAL SUMMARY</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Income	£9,255,797	£9,467,492	£211,695
Expenditure	£8,954,429	£8,991,025	£36,596
Profit Before Tax	£301,368	£476,467	£175,099

2.2 The £476,467 shared profit (retrospective discount), together with the additional savings and efficiencies made by Waveney Norse during the year, equate to some £789,547 in total financial benefits generated by the Partnership (see Appendix A). As forecast on the Medium Term Financial Plan (MTFP) for 2014/15, £531,300 of savings and efficiencies were achieved during the year, together with £20,314 of service changes (reductions) agreed with the Council. A summary of all financial benefits generated by the Partnership since inception is shown in Appendix A.

2.3 A very positive and solid performance again this year by WN amidst unprecedented levels of efficiency savings being made. These efficiencies have all been achieved on target, "in year" and as planned, from a coordinated approach of prudent financial management, savings, new initiatives, increases in staff/process productivity and overall efficiency, and have contributed to £531k of savings being passed back in the 2014/15 MTFP. In addition, profits have also been enhanced to £238,233 (for both WN and WDC) from new business and additional sales. This is some £38k ahead of the original £200k forecast payback. Taking all things into account, this is another excellent year's outturn, reflecting the continued success of the Partnership.

2.4 Considerable levels of activity have taken place during the year to both retain and increase commercial sales turnover and shared profit, whilst raising the Company's profile and market share. The 2014-15 Partnership Fee paid by the Council was £7.549m. In addition WN generated a further £1.7m in external income from private works, a summary of which is shown in the table below:

<b>WN Commercial Income 2014-15</b>	<b>£</b>
Grounds Maintenance	128,452
MOT & Vehicle Maintenance	195,332
Trade Waste	671,242
Cleansing & Drainage	84,756
Building Maintenance	400,299
Home Alarms	168,265
Other	59,009
<b>Total</b>	<b>1,707,355</b>

Through its service provision, WN also collects and manages a number of significant revenue streams on behalf of the Council (called managed budgets or managed income) for public pay-to-use services, equating to some £3.26m pa. These are shown in Appendix B. WN also manages a number of capital projects each year on behalf of the Council, some scheduled (eg vehicle and plant replacement/purchase) and some one-offs; a summary of these for the year is shown in Appendix C.

## 2.5 **Partnership MTFP Savings and Budget Pressures**

- 2.6 During the 2015/16 year further efficiencies will continue to be delivered to the Partnership and the WN Senior Management Team is developing proposals for 2016/17 and 2017/18 that will contribute to WDC's predicted budget deficits in those years; WN also expects to participate in budget workshops with the Council during the Autumn.
- 2.7 Whilst it is recognised that savings play a significant part in meeting predicted budget shortfalls, the proven financial contribution and ability of the Partnership to be able to generate additional profit share to WDC since its creation should not be ignored. As part of bringing forward savings WDC expects to also discuss investment options to further increase commercial sales growth.

## 3 **GOVERNANCE OVERVIEW**

- 3.1 The Partnership maintains robust governance through three main bodies: a Partnership Board, a JVCo Board and a Corporate Governance Management Team (CMT). The two Boards were set up at the start of the Partnership in 2008 and comprise officers from NCS, WDC and WN, and the associated WDC Portfolio Holder. Both Boards meet quarterly to set KPI's, review performance, receive service and financial updates, approve key decisions and set the strategic direction of the Partnership in line with the Council's own strategic direction. The Boards are effectively the two main governing bodies of the Partnership.
- 3.2 More frequent and hands-on checks and balances are carried out on the Partnership by the Corporate Governance Management Team (CMT) which reports to the two Boards. CMT is made up of officers from WDC and WN and meets monthly and deals primarily with more operational (and less strategic) matters than the two Boards, such as operational and financial performance, health & safety, risk & insurance, value for money and audit reviews and actions.
- 3.3 In addition, the WDC Internal Audit Team carries out regular scheduled audits of the services provided by the Partnership, and both WDC and WN are duty bound to respond to the actions arising from each audit and within the timescales requested. Internal audits by WN and NCS are also periodically carried out, with additional audits being undertaken by BSI as part of the OMS, EMS and OHAS accreditation schemes held by WN, as shown below. External audits are also carried out as required by both WDC and NCS and tend to be less frequent than the internal audits.

## **4 PERFORMANCE OVERVIEW**

- 4.1 KPI's for the Partnership and outcomes are shown on the Performance Monitoring Report (PMR) as attached at Appendix D. Progress of performance against targets is tracked monthly by CMT with any significant variations discussed and where necessary and achievable, corrective action agreed. Quarterly summaries of all PMR activity are presented to and discussed at the Partnership Board.
- 4.2 The Partnership generally continues to perform very well against all performance targets within its direct control and all reasonable efforts are made to positively influence indicators outside the Partnership's direct control. Comments are shown against all indicators with explanations for "red" and "amber" year-end outcomes.
- 4.3 Waveney Norse continues to hold and maintain BSI accreditations for Quality, Environmental and Occupational Health & Safety Management Systems (ISO 9001, ISO 14001 & OHSAS 18001 respectively). Compliance is good against all three standards demonstrating WN's ongoing commitment to excellence in performance management across all its services. Ongoing internal and external audits take place every six months and the most recent BSI continuous assessment visits (CAV's) took place in August 2014 and February 2015.
- 4.4 Waveney Norse, as part of the Norse corporate accreditation, is also a recognised Investors in People (IiP) company and is inspected and assessed every two years to ensure continued compliance. The next IiP assessment for WN is due in February 2016.

## **5 PARTNERSHIP SERVICES OVERVIEW AND ACHIEVEMENTS**

### **5.1 Waste Management and Environmental Enforcement**

- 5.2 Organics service options modelling: Throughout 2014/15 WN participated in the Suffolk Waste Partnership (SWP) organics modelling project and also undertook its own extensive research to support WDC officers in making an informed decision over the future of the organic waste service. The decision was subsequently made by WDC Council on 16<sup>th</sup> July to introduce a subscription based garden waste only (no food) collection scheme at £42 per year, and set up a joint WN/WDC project team to deliver this service.
- 5.3 Enforcement: patrols for littering and dog control orders have continued throughout the year, with a focus on the Coastal seafront areas in a concerted effort to improve the behaviour of less responsible dog walkers.
- 5.4 Education: Officers from both WN and SCN have contributed to a number of events and initiatives throughout the year including: Schools Farm Fair, The Suffolk Show, Compost Week, Latitude, Flagship Engagement Day, Anglian Water Mad Science Roadshow, as well as tours of the Materials Recycling Facility and Energy from Waste plant for school groups and the Green Print Forum.
- 5.5 WN is also working with SCDC/WDC to promote a revamped Community Litter Pick scheme. It is anticipated that this will build on the existing scheme and offer incentives to groups participating, to improve uptake and associated public relations.
- 5.6 Refuse and Cleansing: both services have continued to run to schedule with few complaints. The 4 day week refuse collections continue to perform well with a few in-year adjustments having to be made to balance the workload of a handful of rounds, which was anticipated. As planned, post roll-out, three refuse collection vehicles (RCV's) were sold producing the forecast savings and capital receipts.
- 5.7 A review of how to better deliver integrated services to resort towns to meet increased seasonal demands and variations has been started, along with assessing how to improve delivery of services to one-off events.

## **6 Facilities Management**

- 6.1 Concerto helpdesk: a new online helpdesk system (as used by the Norse Group) has been introduced and rolled out at WN and SCN to capture and help plan all property services jobs, workflow and training.
- 6.2 Public Conveniences Review: site survey information and other data has been collected by WN and SCN and fed into a decision matrix to provide some objective analysis and help inform future provision and use. This has been used to prepare an initial report for O&S Committee to outline various types of options that can be taken in context with achieving reduced service costs. A further report will be required that will outline the proposed strategy and options.

## **7 Building Cleaning**

- 7.1 This service has coped well throughout the year; better use of mobile rounds and the cessation of attendant cleaners has produced scheduling improvements and efficiency benefits.
- 7.2 In year WN also successfully piloted a “Forms 2 Mobile” Quality Assurance (QA)/Inspection system. This web-based solution has allowed more efficient, robust and in-depth QA inspections to be carried out using tablets and smart phones and has been developed internally to WN’s own requirements. This has proved so successful in driving up standards that it will be used by other services at WN and SCN and in other companies within the Norse Group.

## **8 Grounds Maintenance**

- 8.1 Grass cutting: due to the extensive 2014 growing season, grass and weeds proved exceptionally challenging for the Grounds Maintenance Teams at both WN and Suffolk Coastal Services (SCS) to keep abreast of (as with many areas throughout the UK), especially given the post savings shorter cutting season being operated. Grass also continued to grow late on into the season, prompting a review of the service. Following the review a number of changes were introduced this season which have proved more successful:
- Targeted winter grass cutting
  - Staggered seasons for cutting gangs
  - Optimised routing
  - More effective/efficient use of plant/machinery
- 8.2 Other options are continuing to be explored with a view to better matching resources against the demands posed by the milder seasonal weather conditions and longer grass growing period.

## **9 Car Parks**

- 9.1 Strategic Car Park Review: a range of options and amendments (including increasing fees and charges) were recommended in a number of reports WN prepared and co-presented during the year to O&S Committee for final decision at the September 2015 Cabinet. Implementation of these recommendations could bring in up to an additional £250k pa of revenue to meet the gap in fully funding this service. Following the September Cabinet Meeting a new proposed Parking Order will be prepared and fed into a report for Council in December in preparation for implementation, hopefully in March 2016.
- 9.2 Pay and display machine review: this is being undertaken to standardise machines, align suppliers and gain greater economies of scale for WDC & SCDC pay and display equipment. The majority of WDC’s machines are nearing the end of their operational life and the result of the review may propose procuring new equipment during 2016/17.

## 10 CONCLUSION

- 10.1 Another very successful year for WN and the Partnership given the unprecedented levels of savings which have been delivered, with noteworthy achievements and improvements in productivity, efficiency and external business growth. For the 2014/15 year this equates to some £789,547 in combined savings, efficiencies and productivity bonus returned to WDC and some £3,727,093 returned since the Partnership commenced in 2008.
- 10.2 Ongoing efficiencies, profit and in-year savings will continue to be delivered during the 2015/16 year and setting the budgets for 2016/17 and updating the MTFP are already well advanced. Significant financial challenges still lie ahead for the Partnership including mitigating the £4.5m 2016/17 budget deficit, implementing the National Living Wage and the full impact of the Government's Autumn Spending Review, which still remains to be seen.
- 10.3 WN continues to successfully manage and deliver all Partnership services against challenging targets and circumstances; WN remains committed to positively and proactively responding and providing solutions to the changing demands of its partner, customers and its operating environment. Opportunities are still there to grow commercial work and this will be essential to meeting the future budget demands of the Council.

## 11 REASON FOR RECOMMENDATION

- 11.1 To ensure that the Overview and Scrutiny Committee has the opportunity to monitor and review the performance of Waveney Norse on an annual basis.

### RECOMMENDATION

That the Annual progress report of Waveney Norse be noted.

APPENDICES	
<b>Appendix A</b>	Summary of Partnership Financial Benefits
<b>Appendix B</b>	WDC Income Managed by WN
<b>Appendix C</b>	WDC Capital Projects Managed by WN
<b>Appendix D</b>	Performance Monitoring Report

### BACKGROUND PAPERS

None