
SCRUTINY REPORT NEWPORT NORSE PARTNERSHIP

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1.0 Introduction

The purpose of the report is to inform Scrutiny Committee of the performance of the Council partnership company Newport Norse Limited.

2.0 Background

2.1 When and why was the joint venture started?

In July 2014 Newport City Council (NCC) and Norse Commercial Services Group (a public services company wholly owned by Norfolk County Council) entered into a 10 year Joint Venture (JV) Agreement, creating "Newport Norse" (NN) to help transform service delivery and provide an improved property and facilities service for the Council.

The decision to move to this partnership was not taken lightly. Prior to 2014 the Council operated an in house Property and Asset Management service. This included both front line maintenance and repair services, as well as estates, cleaning and property professional services. NN offer a total facilities management service, which provides for a range of services including delivering capital construction projects, reactive maintenance, building cleaning, asset management, surveying, valuation, and catering.

The partnership was the first public wholly owned Local Authority Property Services Joint Venture in Wales. It was designed as an innovative, public sector designed, and public sector run service delivery model. It utilises the Teckal exemption under EU Procurement rules to build a new approach to local authority service delivery. It is a solution that allows public bodies to formally collaborate, and provides an alternative to a traditionally outsourced, private sector delivered, market offering.

All property services have been transferred to the JV and the Council retain a Property Manager within Regeneration, Investment and Housing to oversee the contract.

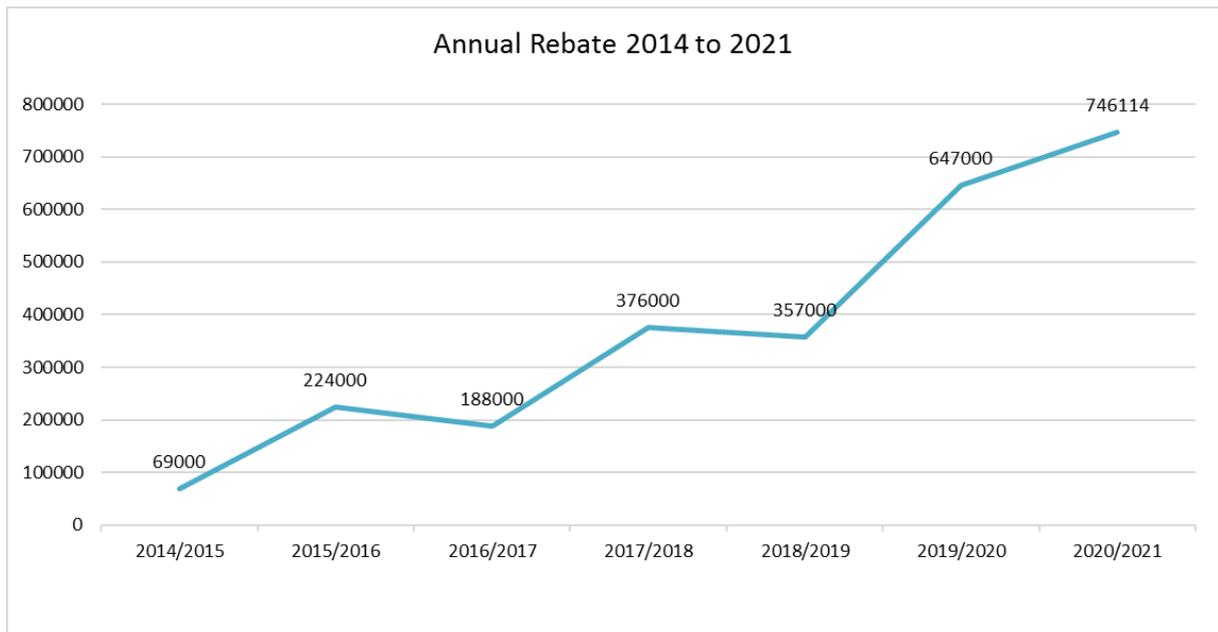
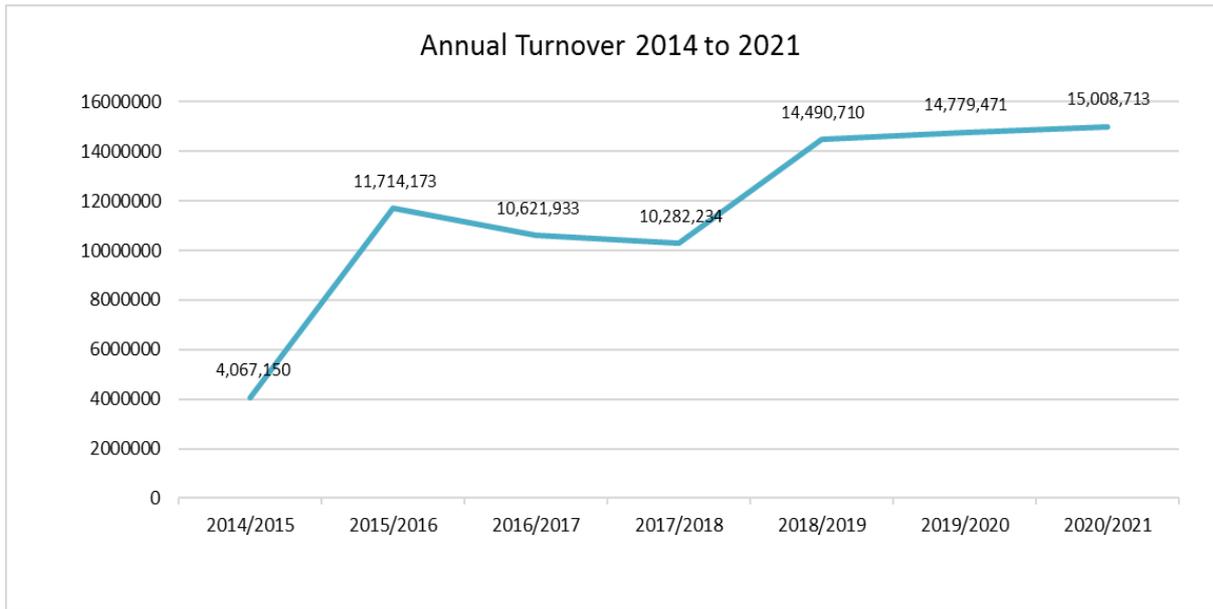
All profits are recycled back into the public sector, 50% of which are fed back into NCC.

2.2 What has been achieved to date?

Whilst the Joint Venture may feel like NCC has outsourced its services, the fact is that it's been a very successful 'in-sourcing' mechanism. The company's turnover at its inception in 2014/2015 was £4,067,150, with turnover rising from 2020 to 2021 to £15,008,713.

The turnover in 2020/21 was comprised of the following;

- Circa 49% in NCC contract payments
- Circa 46% in tendered / discretionary business
- Circa 5% in external non NCC business



Over the same period profit share (or rebate) paid back to the Council has increased from £69,000 (2015), to £746,114 (2021). Total rebate (profit share) over the period to date has been £2,607,114. There is often the comment that this money is only the Council's money being paid back to it, which is true to an extent, however prior to the JV, this share of profits didn't occur and effectively went to private sector companies.

Corporate social responsibility, community benefits and social value is very important to Norse Group and NN. It is also aligned to the Council's aspirations to embed Social Value and Community Benefit into what we do. In terms of social / economic benefits of the partnership these include the following;

For the economy

- Newport Norse directly employs 320 people, around 73% of which live in Newport.
- For every £1 of expenditure on suppliers, £0.70 is spent in the South East Wales region, including £0.42 with businesses in Newport
- The supply chain expenditure supports 44 jobs in Newport and 76 jobs in South East Wales as a whole*.
- Newport Norse spends a total of £10.2 million on wages, salaries and local sub-contractors. For every £1 of wages paid, £0.87 is spent in South East Wales and £0.51 in Newport.
- It is estimated that spending from staff wages supports a further 35 jobs in Newport (62 in South East Wales as a whole).
- Cumulatively this means that Newport Norse supports a total of 457 jobs in Newport (and 518 across South East Wales, including Newport).
- The business contributes Gross Value Added (GVA) of £8.5 million in Newport and £10.5 million in South East Wales.

For skills and employment

- Newport Norse supports the continuing professional development of its staff by delivering internal and external training sessions throughout the year.
- In 2020/21, the business devoted around 520 'training days' and over £45,000 to developing the skills of its workforce.
- Newport Norse employs five apprentices at present, with plans to increase this number in the future.
- Newport Norse pays staff working on Newport City Council contracts a sum equivalent to the National Living Wage as a minimum.

For the environment

- Newport Norse adhere to Norse Group's Environmental Management System, aiming to minimise their adverse impact on the environment by adopting "greener" processes.

- This is supported by the Norse Group Sustainable Procurement Policy and Supplier Code of Conduct.

For schools and the local community

- Newport Norse has strong working partnerships with around 50 schools in the local area, supporting a combined roll of over 23,000 pupils
- The business has made a number of contributions to the local economy over the duration of the JV as part of their community activities.
- Newport Norse has organised various events throughout it's time to support a number of charities, for instance raising over £600 for charities such as Age UK and Macmillian.
- The business has also spent over £3,000 on sponsoring events such as the inaugural Pride of Gwent Awards.
- Newport Norse has also donated around £10,000 from wider Norse Group's Community Fund to local voluntary associations and clubs nominated by Newport Norse employees. It has helped purchase new training kit for local sports clubs, supplied a local scout unit with a new mess tent, provided pantomime tickets for residents of a local women's refuge at Christmas, and sports equipment for local young rugby players.
- Newport Norse also operates a Volunteer Programme, which allows each member of staff to take one day off with pay each year for volunteering purposes. Staff have helped transform a rundown garden for local women's refuge, supported Dementia Awareness events, assisted the first ASD School in Newport with its preparations for opening, and landscaped a children's home.

Other benefits brought to NCC include;

- Commitment to maintaining high quality services whilst achieving targets.
- Undertaking new external contracts generating profits subsequently shared with the Council.
- Building of strong, local communities with support for local charities, arts, civic projects and community initiatives
- Increased job security and local employment, contributing to a thriving economy.

- The introduction of the c365 Compliance System, which is being rolled out across all Schools and the wider estate. This is a cloud-based system which allows Head Teachers and Council Premises Managers to access in 'real-time' information about asbestos, boiler servicing, electrical testing, etc. for the buildings they occupy.
- Much has been achieved to date, most notably the transformation of what was Newport Property Services Department. This has been done in collaboration with the Council, and much hard work by staff to build a service which now in-sources £10.9m more than it did in 2014/2015.
- This means that profits associated with this work now return to the Council instead of the private sector. By April 2021 this has amounted to £2.6m, and has been achieved by the partnership, whilst maintaining good quality jobs, offering the local government pension, and paying as a minimum the Newport Living Wage equivalent.
- There have been huge successes in bids for external funding. Schemes such as St Andrews School, Windmill Tree Farm, Oaklands Home, Rosedale Home and many others have all been successful.

3.0 The Present Day

3.1 What does NN do for the Council

Working from their base in Cleppa Park, Newport Norse currently manages approximately 330 built assets for the City Council with a total asset value of some £320m. Newport Norse provides a 'one stop shop' for all Property services, which include:

- building maintenance, including direct labour
- statutory testing and inspection
- cleaning and catering
- estates and valuation
- design and construction procurement
- project management
- corporate premises manager.

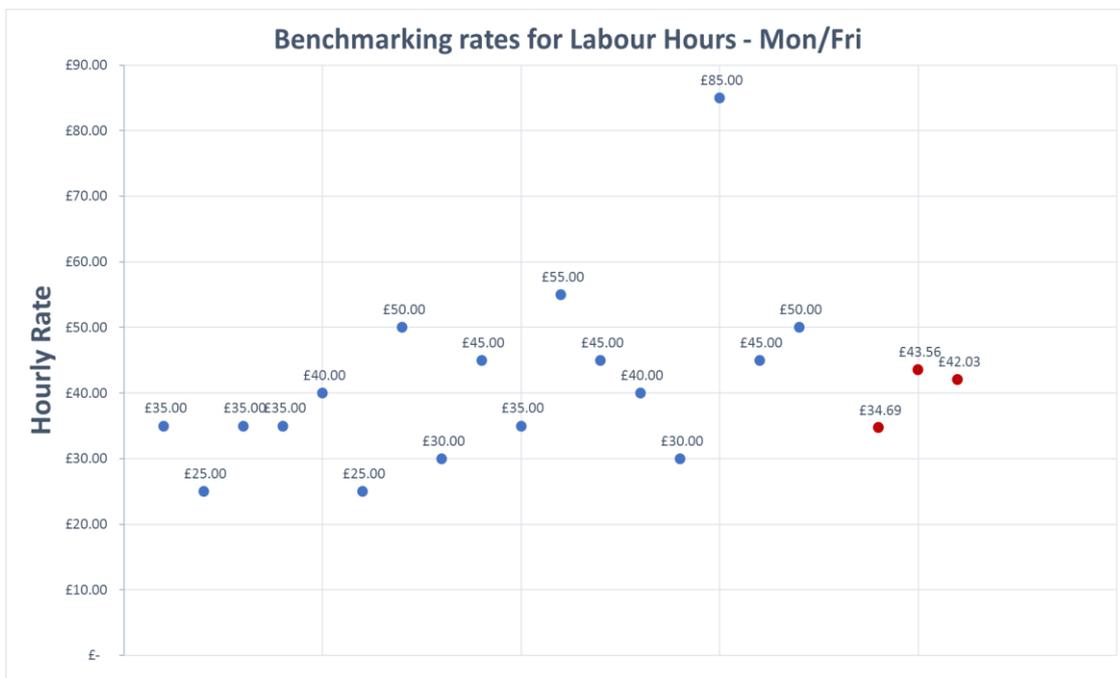
NN acts as the Council's Corporate Landlord Agent, ensuring Council policy is followed by delegated budgets holders, and that the Council fully optimises the use of its property assets.

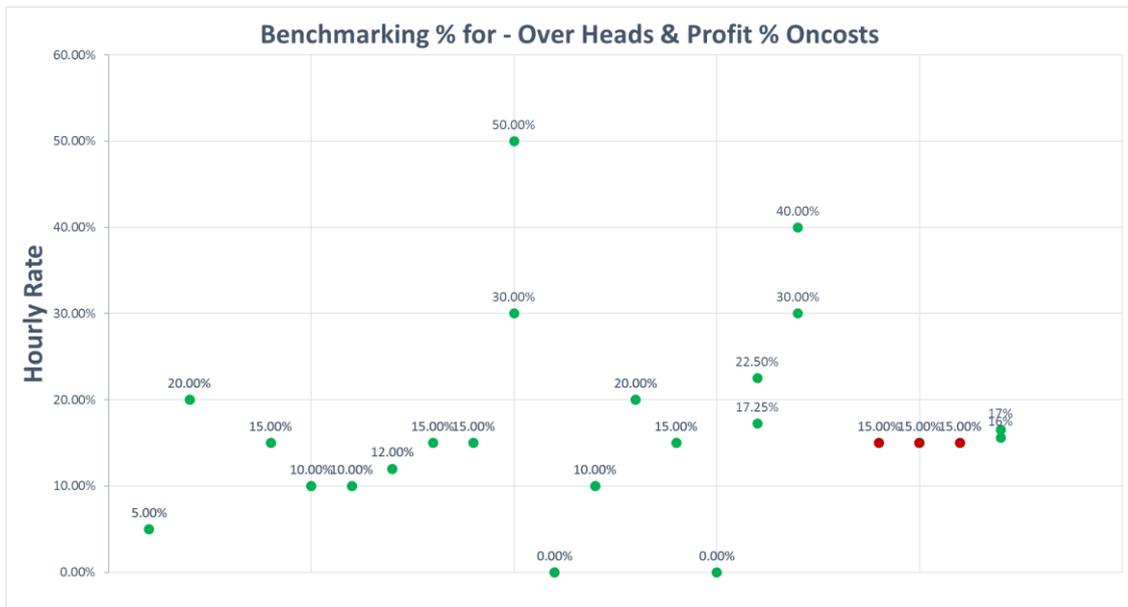
NN works with the Council to ensure the people who occupy Council properties are able to do so safely. The Council has not transferred ownership of any of its property to Newport Norse, and has retained full ownership of all assets.

3.2 Continual Review

The performance of the JV is continually being reviewed by partners through the formal governance arrangements which comprise working groups and formal boards. Feedback is received from a variety of sources and is evaluated as a lessons learned opportunity. Any actions identified are taken forward by the relevant group or Board and reviewed as appropriate. The partnership are always looking for opportunities to improve what we do and how we do it.

The area where most questions are raised is around value for money and this is one area that is kept under review. Some very recent benchmarking of local suppliers and contractors hourly rates and overhead/profit levels show the following;





NN Rates highlighted in 'red'

In nearly all cases where NN have been challenged as being too expensive, it has been shown that the variance has not been in unit costs, but what has actually been priced. The review has identified the importance of specification/drawings or clear pricing documents from the 'client' otherwise contractors make their own assessments as to what is required for a commission or contract. NN will always include for what is required by the Council to maintain its assets and costs will include for items such as;

- Asbestos refurbishment and demolition surveys;
- Remove any asbestos containing materials in accordance with regulations
- Provide DBS checked operatives on site to ensure safeguarding of children and vulnerable adults.
- Compliance with the Construction Design and Management Regulations 2015;
- Use high quality, durable and appropriate products.
- Provide £10m Public Liability Insurance
- Provide £10m Employers Liability Insurance
- Provide £10m Professional Indemnity Insurance
- Pay staff legal wages
- Liaise with the HSE for notifiable works

NN pride themselves in not cutting corners and ensuring that the options and solutions provided for the Council are resilient and sustainable, rather than sometimes opting for what could be considered a 'quick fix'.

3.5 Compliments and Complaints 2020/2021

Newport Norse has systems in place to obtain customer feedback. They meet regularly with various client groups such as; the Client Team, Head Teachers and Education Liaison Group, various other schools estates forum, service management teams as well as individual clients. Project related surveys and an annual tele-survey are also undertaken.

Over the 2020/2021 period NN had received;

- Compliments – 54
- Complaints – 11

This financial year NN have had 11 complaints and 25 compliments.

Of the 11 complaints in 2020/21

- 8 were related to customer dissatisfied with service/standard
- 1 driving incident
- 1 Customer dissatisfied with product
- 1 Norse staff behaviour

All complaints are dealt with via an agreed action plan with Council officers to ensure that they satisfied with the end result and that lessons are learned for Norse Staff. At present NN are investing in updated “Customer Care” training to help improve the service and also learn the lessons from where standards have fallen short.

The following are some of the compliments made over the past year;

- *March 2021 – (Chief Education Officer) “Thanks for working with us. Covid has presented us with some difficult circumstances but I have to say that Norse colleagues have been incredibly supportive in going the extra mile to support out schools. It is genuinely appreciated.”*
- *March 2021 – (Head Teacher) “Thank you to everyone for such a great - and memorable - project! I am so very pleased with the end result and really appreciate the hard work and perseverance of everyone involved in this project. The end result will give us so much more than just a dining hall and we intend to make full use of it to benefit our children and families.”*
- *Feb 2021 – (Head Teacher) “I just wanted to send you a quick e-mail to express my thanks to your team who have been supporting us with the issues arising... Warren has been excellent in terms of communication with us, keeping us informed at every step! Thanks also to Chris Gosling, Joe O'Connell and Nick Poretti. Responses have been immediate and everyone seems to be working together to secure the best possible outcome.”*

- Nov 2020 – (Head Teacher) *“Can myself and Kelly just take this opportunity to say we cannot thank you enough for our new bathroom! The workmanship that you set in place is so outstanding and we are absolutely over the moon with it . We would especially like to mention Vince and Gary as they were absolutely fantastic, professional so polite and well-mannered that made the process so comfortable (no toilet sometime lol) we really cannot thank you enough and again for your commitment, hard work and the time spent to complete it.”*
- Nov 2020 – (Site Manager) *“Just wanted to pass on my thanks and praise to the team (Keith, Dave & Matt) for their work in tracking and curing the underground water leak. They worked professionally and diligently under miserable weather conditions. Furthermore, I was grateful for the progress updates provided from initial investigation until completion.”*
- April 2020 – (Accommodation Support Manager) *“I just wanted to say that since we have entered into lockdown, and all began working in a very strange, weird and wonderful way, from home and in the community, Norse have provided a great service. Without the use of your service; operatives, administrators, finance officers, inspectors, surveyors; conveyancers etc, we would not be able to deliver much needed accommodation to those in need. From conveyancing to cleaners all staff are vastly important and we cannot do this without you. We are very grateful for all the hard work and efforts of the teams, thank you from all of us.”*

- **Performance Management**

The performance of the partnership is monitored at a number of levels using various monitoring tools, such as Quarterly report to the Board and Internal/External Audits. This also has a number of layers from strategic monitoring to day to day monitoring;

1. Contract Management, via;
 - Joint Venture Management Team (Monthly)
2. Council wide via;
 - CSAMG (Quarterly)
 - Joint Venture Client Group (Quarterly)
 - People Services Capital Board (Quarterly)
 - Head Teachers Liaison Group (Quarterly)
 - School Governors Group (Quarterly)
 - People Services Capital Board Steering Group (Monthly)
 - Major Projects Group (Place) (Monthly)
 - Capital Maintenance Finance Monitoring (Monthly)

- Capital Finance Budget Monitoring (Monthly)
- Cabinet Member Briefings (Monthly)

3. Service Specific

At a service level there are a significant number of weekly and ad hoc meetings to discuss and manage performance on a day to day basis.

4.0 The Future

4.1 Goals for the next year

Each year NN produce what they refer to as their 'Plan on Page'. This is presented to the Company Board and the Steering Group, which includes Senior Council Officers and elected member. This annual plan outlines the companies;

- Objectives
- Key targets
- Balanced Scorecard measures
- Key Themes and Activities.

The Objectives are separated into;

- Financial
- Customer
- Process
- People

In summary the Key Objectives for 2021/2022 are to;

- Achieve profitable and sustainable growth
- Expand the customer base and meet the client's needs while making a positive impact on the communities we serve
- Continue to deliver high quality services effectively
- Ensure that NN becomes an employer of choice within the property industry in South Wales

4.2 Planning for the end of the Contract

The current contract is due to end on 30th June 2024. The intention is that the Council will start to explore and consider options in 2022. There are several options available to the Council and any decision we make will need to ensure that the services we deliver are not compromised and that there is alignment with the Corporate Plan and Well-being Plan.