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# SCRUTINY REPORT

## NEWPORT NORSE PARTNERSHIP

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RESTRICTED COMMERCIALY SENSITIVE

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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 and update on the last year.

## 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. It has the flexibility to work with the Council at a strategic level to create better value, from cradle to grave with respect to the delivery of asset management, construction projects and maintenance services.

NN is unique, being the first wholly owned Local Authority Property Services Joint Venture in Wales. It is a service delivery solution that allows public bodies to formally collaborate, and provides an alternative to a traditionally outsourced, private sector delivered, market offering. It brings into Wales a repeatable model, already in place in other Local Authorities across the United Kingdom.

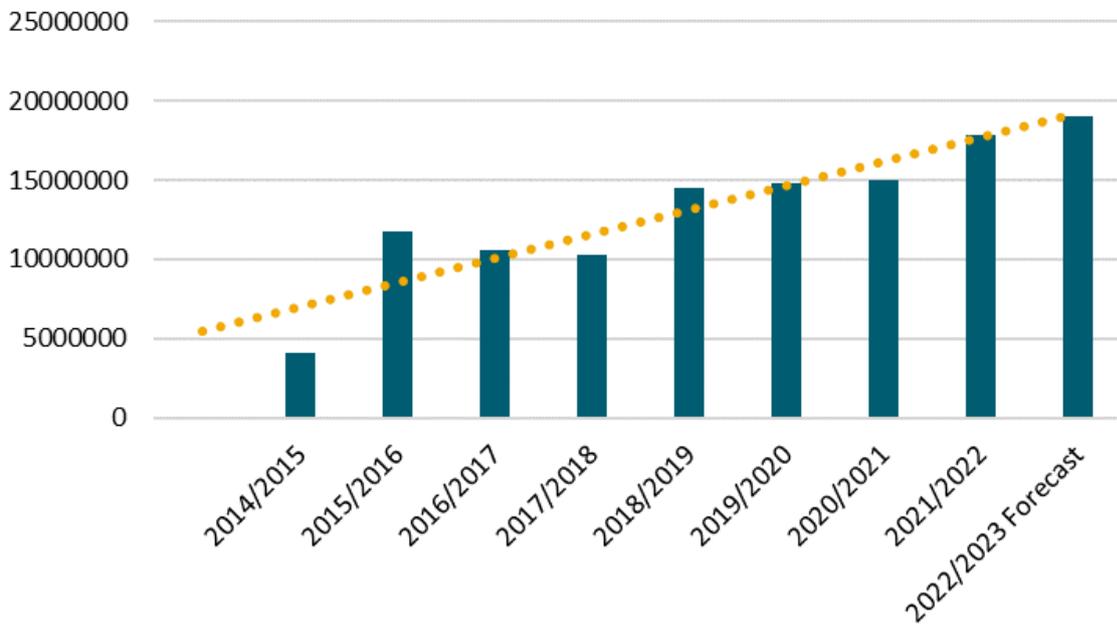
All budget surpluses are recycled back into the public purse, and locally 50% are fed back into NCC.

NCC has spearheaded this ground-breaking and cutting-edge approach in Wales. In 2013/2014, the Council decided after much analysis, to seek an approach to reduce the costs of its already lean Property and Asset Management service. This included both front line maintenance and repair services, as well on estates, cleaning and property professional services. It also recognised that it needed to retain a service offering to manage its current estate, its construction programme, and deliver upon its regeneration aspirations for a fast-growing City. In its analysis, it discounted an outsourced solution to the private sector as being too high risk. Instead, it opted to speak to the Norse Commercial Services Group to explore an alternative public sector model.

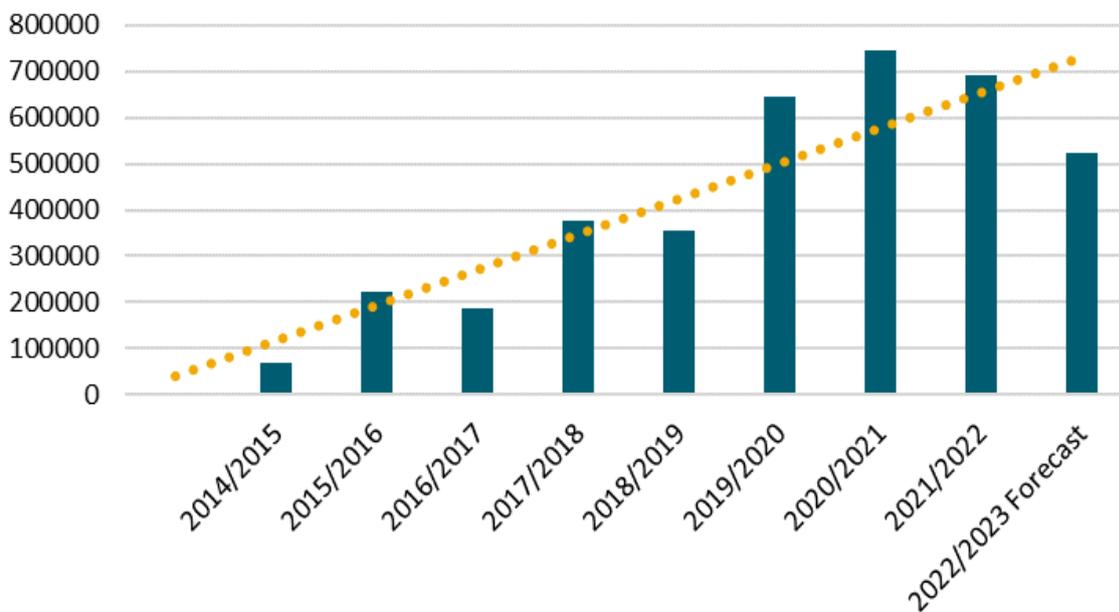
### 2.2 What has been achieved to date?

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 2021/2022 to **£17,889,537**.

## Annual Turnover (£) 2014 to 2022



## Annual Value Share (£) 2014 to 2022



Over the same period rebate paid back to the Council has increased from £69,000 (2015), to £690,848 (2022). Over the eight years nearly £3.3m has been rebated back to the Council. There is often the comment that this money is only the Councils 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. **Total rebate (profit share) over the period to date has been £3,297,262.**

Corporate social responsibility, community benefits and social value are very important to Norse Group and NN. It is also aligned to the Councils intended approach to reporting on the Social Value Targets, Outcomes and Measures, (TOM's) adopted in Wales.

Prior to the CIPFA JV Review of 2018/2019, NN employed SQW to undertake a social / economic benefits review and some of the highlights of that report have been extrapolated to provide an up to date view;

### For the economy

- **Newport Norse directly employs 298 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 54 jobs in Newport and 94 jobs in South East Wales** as a whole.
- **Newport Norse spends a total of £13.9 million on wages, salaries and local sub-contractors**. For every £1 of wages paid, 87p is spent in South East Wales and 51p in Newport.
- **We estimate that staff spending wages supports a further 45 jobs in Newport** (80 in South East Wales as a whole).
- This means that Newport Norse supports a total of **397 jobs in Newport** (and **571** across South East Wales, including Newport).
- **The business contributes Gross Value Added (GVA) of £10.4 million in Newport and £13 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.
- We **provide weekly training days for two Year 11 School Students** with a local School who are aspiring to become construction apprentices.
- **In 2021/22, the business devoted around 500 'training days' and over £32,000 to developing the skills of its workforce.**
- Newport Norse employs **nine apprentices and trainees** 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 Living Wage Foundation/ 'Real 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 **£800** 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.
- **The business 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.
- Access to new markets 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. Resources and ability to invest in the business and its people, bringing long-term stability and financial strength.
- The introduction of the **c365 Compliance System**, which has been 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, gas 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 £13.8m more than it did in 2014/2015**.
- This means that surpluses associated with this work now return to the Council instead of the private sector. By April 2021 this has amounted to **£3.3m**, and has been achieved by the partnership, whilst maintaining good quality jobs, offering the local government pension, and paying as a minimum the Living Wage Foundation/ 'Real Living Wage'.
- It has also incentivised staff to go above and beyond when needed, and we have had huge success in supporting the Council bid for external funding. Schemes such as St Andrews School, Windmill Tree Farm, Oaklands Home, Rosedale Home and many others have all been successful, where staff have worked through the night, in many cases, to ensure we beat other Councils in getting bids in on time.
- More recently Norse are partners in the Council's development of its Climate Change Strategy.

### 3.0 The Present Day

#### 3.1 Response to members comments from Scrutiny Committee 2021

Arising from the Scrutiny Committee of November 2021 members enquired about a small number of issues and asked that Norse respond.

Members asked that the partnership provide more detail than was discussed during the meeting, regarding the schools discretionary spend. Obviously, the partnership does not have extensive data on schools expenditure, but can report on what Schools discretionary spend was last year with the partnership;

Fund	Value	Nr of Orders
Local Management of Schools Budgets (LMS)	£1,567,080	1485
Fair Funding	£604,750	708
<b>Total</b>	<b>£2,171,830</b>	<b>2193</b>

Members also enquired about the size and scale projects that Newport Norse were involved in, therefore the following list (not exhaustive) provides an indication of the type and size of projects worked on currently;

	Project	Value (£)	Service provided
1.	John Frost/Iscoed	£20m	PM, QS, COW
2	Bassaleg School Extension	£33m	PM, QS, COW
3	Transporter Bridge Repair Project	£10m	PM, QS
4	Transporter Bridge Visitor Centre	£4m	PM, QS, COW
5	Windmill Farm Renovation	£1.6m	PM, Arch, Eng, QS, COW

6	Newport Library refurbishment	£1.4m	PM, Arch, Eng, QS, COW and Mechanical & Electrical Contractor
7	Charles Williams Extension	£1.6m	PM, QS, COW
8	New Leisure Project	£19.7m	PM, QS, COW
9	St Andrews School	£10m	PM, QS, COW
10	St Marys School	£3.3m	PM, QS, COW
11	Welsh Government Capital Maintenance Grant	£2.7m	PM, Arch, Eng, QS, COW Mechanical & Electrical Contractor
12	Annual NCC Capital Maintenance Budget	£1.5m	PM, Arch, Eng, QS, COW Mechanical & Electrical Contractor
13	Centralised Maintenance Budget	£1.9m	Building & Engineering Services

**Key:**

PM = Construction Project Management

QS = Quantity Surveying

Eng = Structural and Building Services Engineering

COW = Clerk of Works

Arch = Architecture

### 3.2 What does NN do for the Council

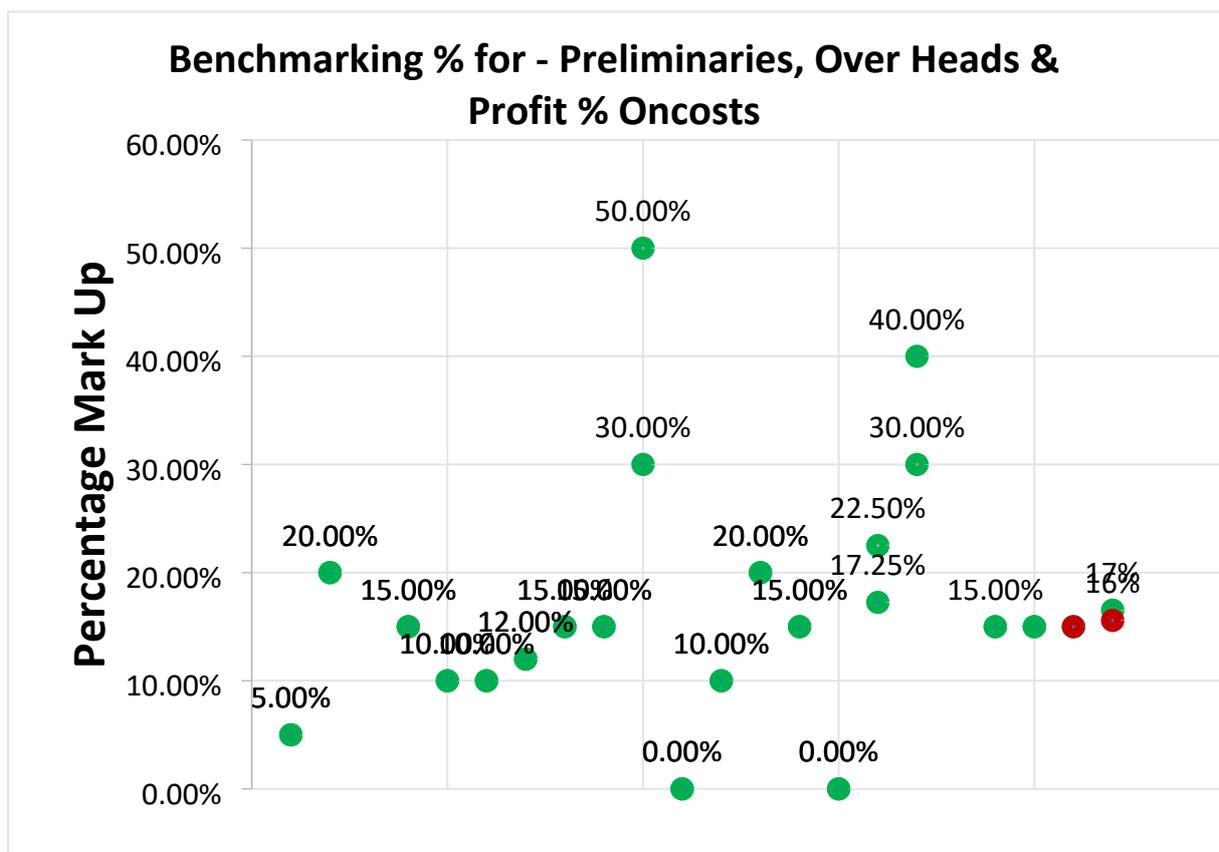
Working from our base in Cleppa Park, Newport Norse currently manages approximately 330 built assets for the City Council with a total asset value of some £320m. Newport Norse provides a 'one stop shop' for all property services, which include:

- 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 its assets.





*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. It is very rare that NN receive a specification/drawings or clear pricing documents. This invariably leads to all competing contractors, including NN, making their own assessments as to what is required.

In other words, NN have not priced the same “thing”. When NN is not presented with these documents, NN will always include for what is required by the Council to maintain its assets and will include the following (*not exhaustive*);

- Asbestos refurbishment and demolition surveys;
- Remove any asbestos containing materials in accordance with the Law
- 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
- Not cut corners

- Provide the best Option for the Council overall as Landlord.

### 3.4 Compliments and Complaints 2021/2022

Newport Norse has systems in place to obtain customer feedback. We 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. We value all feedback as it helps us improve our services.

Over the 2021/2022 period NN had;

- Number of Compliments – 56
- Number of Complaints – 26

All complains are dealt with via an agreed action plan with the client to ensure that they satisfied with the end result and that lessons are learned for Norse Staff. NN has invested 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 compliments made, concerning the service in the past year;

- **Headteacher Bassaleg School**

*“I wanted to say a huge thank you for the excellent work undertaken at Bassaleg over the holiday. The windows that have been replaced are just perfect; it was such a challenging brief to manage to replace so much glazing and yet keep the tradition of the face of Forge and it’s been done brilliantly.*

*You’ll know from the conversations with Martin and Nick how important the bridge over to our new sports pitch is; what’s been produced has surpassed our expectations and we are really appreciative of how quickly it’s been achieved too for all sorts of reasons.*

- **LA (member of the public NN supported with a house move)**

*I would like to send a HUGE thank you to the team that supported our house move in Newport). The house move was unexpected adding more stress and pressure. The team brought not only their professionalism but also peace to my heart. So organised, friendly, helpful. They listened to us, added their thoughts and all went so well. The thing that amazed me is their attitude, their compliments about us being very organised. These words came just in the right time. I felt stressed about the mess in the moment and their words gave me energy to continue packing. This is the real power of kindness..Even at the end of the day when there was a need in additional tools they got them to complete the job although I know they were tired but didn’t show it. I cant find the words to thank this amazing team. All three members were simply amazing!*

- **Head of Operations - Chartwells**

*“Just wanted to say that in the circumstances, think that you and your teams have done a sterling job, with the volume of kit that has been delivered against the*

challenges of gaining access to sites during the 6 weeks, so on that note, thanks to you both and your teams.”

- **Programme Manager at NCC**

*Maxine took up the role of Project Manager on Windmill Farm after a difficult period and really made a difference. She is an excellent and skilled communicator and bridges the gap between the client, Norse and the contractor with ease. She is proactive, something I personally value highly, and keeps everyone informed. She has a professional manor and works well face to face and online. She sends information when requested and will look at alternative solutions to problems and challenges. I look forward to working with Maxine again on other projects.*

- **TA Team Leader NCC**

*I just wanted to pass on a huge thank you to the cleaning team and Joanne for their efforts today. It wasn't an easy task but they managed to get all the girls moved across. They went the extra mile by cleaning the new property early this morning as we only realised yesterday that the landlord's team had left it in a bit of a mess. Honestly, nothing was too much trouble for them today. Shaun called by and some of the plumbers came towards the end to help finish off. They all worked on. Hugely appreciated!!*

### 3.5 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 – Capital and Assets officer group (Quarterly)
  - Joint Venture Company Client Group (Quarterly)
  - People Services Capital Board (Quarterly)
  - Head Teachers Liasion 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)
  - Executive 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.

- 3.6 The local authority asset management and property services function is also the subject of internal and external audits and lessons are learned from these, resulting in changes to management arrangements where required.

## **4.0 The Future**

### **4.1 Goals for the next year**

Each year NN produce what it calls its 'Plan on Page'. This is presented to the Company Board and the Steering Group, which includes Senior Council Officers and Elected Members.

In summary the Key Objectives for 2022/2023 are;

- Achieve planned surplus and sustainable growth
- Expand our customer base and meet our client's needs while making a positive impact on the communities we serve
- Continue to deliver high quality services effectively
- Become the employer of choice within the property industry in South Wales

A fully detailed copy of this year's plan is available.

### **4.2 Planning for the end of the Contract**

The current contract is due to end on 30<sup>th</sup> June 2024, which is less than two years before the end of the current arrangements. There are several options available to the Council, and whatever proposal the Council deems appropriate, emphasis will need to be focused on the new legislative environment i.e. The Wellbeing of Future Generations Act 2015. Norse are currently supporting the Council in that regard to ensure that the Council has the best solution for its needs going forward.