



## OVERVIEW & SCRUTINY COMMITTEE

Thursday, 5 January 2017

### WAVENEY NORSE ANNUAL PROGRESS REPORT (REP1421)

#### EXECUTIVE SUMMARY

1. To receive the annual progress report of Waveney Norse for the 2015/16 year.
2. It is recognised that the timing of this annual report needs to be closer to the company's financial year end, and Democratic Services will be looking to schedule the next report on the forward plan for June 2017.

Is the report Open or Exempt?	Open
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<b>Wards Affected:</b>	Whole of the District of Waveney
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<b>Cabinet Member:</b>	Councillor Stephen Ardley Cabinet Member for Operational Partnerships & Lowestoft Rising
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<b>Supporting Officer:</b>	Kerry Blair Head of Operations 01502 523007 <a href="mailto:kerry.blair@eastsoffolk.gov.uk">kerry.blair@eastsoffolk.gov.uk</a>
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## 1 INTRODUCTION

1.1 Waveney Norse 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 2015/16. It should be noted that the 2015/16 accounting year was made up of 14 monthly periods (February 2015 to March 2016) so that the former Norse financial year (February to January) could subsequently align with the Council's fiscal year, commencing April 2017. The accounts for the year have been audited and verified by Grant Thornton Accountants:

<b>2015/16 FINANCIAL SUMMARY</b> <i>(February 2015 to March 2016)</i>			
	Budget	Actual	Variance
Income	£10,615,006	£11,175,614	+£560,608
Expenditure	£10,198,189	£10,345,570	-£147,381
Profit Before Tax	£416,817	£830,044	+£413,227

2.2 The £830,044 shared profit (retrospective discount), together with the additional savings and efficiencies made by Waveney Norse during the year, equate to some £709,000 in total financial benefits generated by the Partnership (see Appendix A). As forecast on the Medium Term Financial Plan (MTFP) for 2015/16, £180,000 of savings and efficiencies were achieved during the year, together with £202,344 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 The Partnership has maintained its strong financial performance throughout this year with expenditure effectively managed and service changes delivered. Working closely in partnership continued prudent financial management and budgeting has effectively managed risks. In addition, profits have also been enhanced to £415,022 (for both WN and WDC) with new business and additional sales. This is some £215k 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 Substantial levels of activity have continued to take 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 2015-16 Partnership Fee paid by the Council was £7.549m. In addition, from April 2015 to March 2016 (like for like, year on year comparison) WN generated £1,733,692 in external income from private works, some £26,337 more than the year prior, with gains in trade waste and grounds maintenance offsetting reduced income in other areas, a summary of which is shown in the table below:

<b>WN Commercial Income</b>	<b>2015-16</b>	
Grounds Maintenance	176,958	153,304
MOT & Vehicle Maintenance	217,761	182,209
Trade Waste	839,221	729,464
Cleansing & Drainage	94,926	83,096
Building Maintenance	468,414	374,523
Home Alarms	185,472	157,809
Other	54,803	53,287
<b>Total (12 Periods)</b>		1,733,692
<b>Total (14 Periods)</b>	2,037,554	

Through the Partnership, 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 and other services, equating to some £4m p.a. (against a budget of £3.7m). 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 Following the 2015/16 year, further savings and efficiencies have continued to be delivered to the Partnership and the WN Senior Management Team has agreed efficiencies for 2016/17 and is developing proposals for 2017/18 that will contribute to WDC’s forecast Medium Term Financial Plan (MTFP) in those years.

2.7 WN continues to demonstrate that, through the Partnership, its flexible approach to delivering differently to achieve savings, robust financial management and external (commercial) income has played a significant part in helping the Council achieve its forecast MTFP - maintaining a balanced budget whilst simultaneously delivering high standards of service and customer/stakeholder satisfaction.

**3 GOVERNANCE OVERVIEW**

3.1 The Partnership maintains robust governance through its three main bodies: the Partnership Board, JVCo Board 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 plus an Opposition Member. 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, 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, during Quarter 1, the WDC Internal Audit Team carried out an audit of the governance arrangements of the WDC Strategic Partnerships. The Partnerships audited under this particular review were: Waveney Norse Ltd, NPS Property Consultants Ltd (now in house) and the Marina Theatre Trust (MTT), and a report was subsequently prepared in late June/early July.

3.4 The objective of the audit was “to provide assurance that there are adequate governance arrangements in place over WDC’s strategic partnerships.” The scope of the audit was to cover:

- A review of governance arrangements in place;
- Financial management, and
- A review of previous Internal Audit Recommendations

3.5 A summary of how the Internal Audit Team rated the WN Partnership (taken from the Report) is shown below and is a positive assessment of the performance of the various Control Areas:

Control Area	Adequacy Assessment	Rec’s Raised
Purpose, Structure and Membership	Adequate	3
Accountability and Decision Making	Good	0
Meetings	Good	0
Monitoring and Review	Adequate	0
Financial Management	Adequate	1
Total Recommendations Raised		<b>4</b>

3.6 The recommendations raised are all listed as follows, together with resolutions which have already been put in place since the report was published:

1. Future WN Business Plans, budgeted profit and loss account, cash flow projections etc to be presented to the Partnership Board before the beginning of the financial year to which they relate. WN will submit a business plan to the Partnership Board each year at the meeting immediately preceding 1 April.

**Resolution:** These will be presented at the February 2017 Partnership Board for discussion and adoption in the new financial year commencing April 2017.

2. Each meeting of the Partnership Board to enquire and record whether any attendee at the meeting had any personal or pecuniary or non-pecuniary interests in the items on the agenda of that meeting.

**Resolution:** This has already been added to the agenda for all future Partnership Board meetings.

3. WDC to consider whether a Councillor should be a Board member of Waveney Norse Limited.

**Resolution:** In May 2016 Councillor Ian Graham was added to the WN Governance Board and in June 2016 Councillor Stephen Ardley was appointed to the WN Partnership Board.

4. Additional payments to WN should be for possible potential or actual emergency or disaster situations as recorded in the Joint Venture Agreement. A breakdown of additional service payments paid to WN by WDC should be provided to the Partnership Board for continual monitoring and prior year review.

**Resolution:** a breakdown of such additional payments has been included for all future Partnership Board meetings.

- 3.7 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 each Partnership Board meeting.
- 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 its' direct control. Comments and explanations are shown against all indicators with "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). Ongoing performance assessments take place approximately every six months and compliance and performance has been good against all three standards at each assessment demonstrating WN's ongoing commitment to excellence across all its' services. A summary of the year's BSI continuous assessment visits (CAV's) is shown below:

<b>CAV Date</b>	<b>System</b>	<b>Service/Area</b>
25.08.15	Quality Management (QMS)	Refuse/Recycling collection, Workshops & Depot
26.08.15	Environmental Management (EMS)	Refuse/Recycling collection
19.11.15	Occupational Health and Safety (OHSAS)	Strategic Review – Meeting with Senior Management

CAV Date	System	Service/Area
11.02.16	QMS & EMS	Cleaning, Grounds, Workshops & Depot
04.03.16	OHAS	Refuse, Street Cleansing & Control of subcontractors

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 most recent (and successful) IiP assessment for WN took place in February 2016.

## 5 PARTNERSHIP SERVICES OVERVIEW AND ACHIEVEMENTS

### 5.1 Waste Management and Environmental Enforcement

5.2 Commercial Business: Year on year there was an overall increase in trade waste income of some £58,200. £35,600 of this income (61%) was due to a net increase of 65 additional trade waste contracts (141 won, 76 lost). The remaining income was derived from price increases and additional work obtained from existing customers.

5.3 Easy Green Bin Scheme: In July 2015 a joint WN/WDC project team began planning the implementation of this new chargeable garden waste collection scheme, following many months of organics modelling undertaken with Suffolk Waste Partnership colleagues. This major project included organising bulk on-line payments (from November 2015), extensive communications, marketing and the removal of some 7,000 unsubscribed green bins. At a £42 per year subscription, initial estimates for sign up were about 10,000 bins. However, on the “go-live” date of 29 February 2016 some 16,113 bins had been subscribed to and by the end of March 2016 some 19,500 bins had been purchased – far in excess of that originally forecast and equating to a participation rate of nearly 40% - an excellent result. Participation currently stands at 52% and some 25,000 bins subscribed.

Since the first week of operation, the Easy Green Bin Scheme has run very smoothly, with fewer than expected numbers of complaints and missed bins. There was a further but slower increase in subscriptions during the first two months of the Scheme as more people started to use their green bins and appreciate the convenience and good value of the service. Contract liaison meetings also took place in March and April 2016 between SCC, WN and Tamar Organics (who process Waveney’s garden waste) to review the change from mixed garden and food waste to garden waste only. In addition, deliveries of Waveney’s green waste to Tamar have been closely monitored since the start of the Easy Green Bin Scheme and levels of contamination and food waste are very low and well within tolerances and there have been no operational issues or concerns.

Of the recovered bins, around 1,000 will be re-used and re-issued to Easy Green Bin Scheme subscribers, thereby helping to reduce costs and ensure that the Scheme remains affordable for the future. The remaining green bins recovered are to be sent away for recycling of the plastic, metal and rubber components.

5.4 Street Cleansing: Following on from last year’s issues at some resort beaches, WN and SCN Operational Managers devised a more proactive and targeted approach for this summer season. All resort beaches were inspected pre-season, with some having doubled bin provision since Easter for the entire summer period; in addition, old bins have been removed

or cleaned, with many having refreshed signage and new stickers placed on them. Where possible, the same colour and types of bin are used, all improving the general aesthetics and appearance of the facilities and standardising the equipment used.

WN has also invested in a new “Glutton” Street Cleansing machine. This quiet, battery-powered litter “sucker” is very narrow, powerful, ergonomic and environmentally friendly; it is being used by the operative in Lowestoft Town centre and surrounding areas and is a more efficient way to clean the precinct, with a noticeable improvement in cleanliness standards being achieved compared to previous similar equipment used.

- 5.5 Abandoned Vehicles: A substantial increase in numbers saw 228 vehicles reported in Waveney this year compared to 106 vehicles in 2014/15. These were all investigated by the Strategic Waste and Environmental Enforcement Team (SWEET) with 25 vehicles being removed from site and stored/ scrapped compared to 6 the previous year.
- 5.6 Flytipping/Littering: There was also a significant increase in flytips, with 964 reported this year compared to 738 in 2014/15. More detailed analysis is being undertaken to see if this trend is linked to any external factors as this has continued on in to the 2016/17 year. It is hoped that the results of the analysis will better inform the best approaches to dealing with this growing problem and is likely to be a combination of intelligence led and targeted enforcement, education and awareness campaigns.
- 5.7 A number of incentivised (financially rewarded) community litter picking schemes were organised during the year by the SWEE Team in conjunction with Council colleagues, to tie in with the local “East Suffolk” and national “Clean for the Queen” campaigns. These campaigns are aimed at encouraging greater numbers of local volunteers throughout the District to undertake litter picks in their area during March, April and May 2016, with the chance of winning one of four £200 prizes and £20 for entering. To date 17 litter picks have been arranged with 14 already having been completed, and involving an estimated 291 participants (based on numbers at time of registration) with approximately 1,100kg of litter being collected thus far. WN funded the prize monies, cost of litter disposal and all the equipment used by the volunteer groups.
- 5.8 Community Recycling/Bring Sites: New textile recycling supplier, European Recycling Company (ERC), was appointed via the Suffolk Waste Management Group (SWMG) in late December 2015. Changeover to the new service was smooth and seamless and the first year of operations has run well, with all former BCR banks now removed and recycled.
- 5.9 A review of all existing Bring Sites, signage and bin/container provision by the SWEE Team is ongoing, with a view to improving the appearance/effectiveness of these sites and to promote increased recycling and reduced contamination.
- 5.10 Education: Officers from both WN and SCN 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.

## **6 Facilities Management**

- 6.1 Concerto helpdesk: During Quarter 2 this new online helpdesk system (as used by the Norse Group) was introduced and rolled out at WN and SCN to capture and plan all property services

jobs, workflow and training. This has proved very successful to date and is now managing all property service jobs; the WN Customer Services Team is also using this to handle related first point of contact external reports and logging then direct onto the helpdesk.

6.2 Public Conveniences Review: site survey information and other data was collected by WN and SCN and fed into a decision matrix to provide some objective analysis and help inform future provision and use. A report was subsequently presented to Cabinet outlining proposed strategies and options. WDC then took the decision to soft market test whether there were any organisations that were either able to offer alternative provision or take on managing these facilities, with a view to achieving savings in the order of £100k pa.

### 6.3 Summary of Annual Activity

- Rotterdam Road Depot - Repairs to roof completed and MOT bay and garage heating refurbished.
- Tides Reach, Lowestoft – New play equipment installed to replace end of life existing.
- Kessingland Skate Park - completed
- Lowestoft Sea Front Wall, decorative balustrade – large sections replaced due to active vandalism. Ongoing project.
- Oulton Broad Quay-heading deteriorating – structural scheme drawn up and works carried out to remedy.
- Sparrows Nest Roundabout - replaced due to age and deterioration.
- Halesworth Town Park & Dunston Drive Play Areas - commissioned new play equipment installations.
- London Road Lowestoft, Pedestrian Area – ongoing program of bench refurbishment with replacement of street bins new for old. Completed October 2015.
- Area south of Bascule Bridge (benches, railings etc) – ongoing refurbishment as per London Road North.
- Gun Hill, Southwold – Guns and Carriages overhauled (local press coverage).

## 7 Building Cleaning

### 7.1 Commercial Business:

7.2 In January 2016 WN commenced a new cleaning contract with Edgar Sewter Primary School, Halesworth. This contract is worth c £16k pa and WN has received very positive feedback for its level of service management (much improved from former contractor Vertas) and cleaning standards.

7.3 Also during Quarter 4, the WN mobile team commenced a contract with the RSPB at Orfordness, on the back of the existing cleaning service provided for them at Dunwich. This £5k pa contract is provided by WN in the northern part of the SCDC area which has enabled productivity increases and delivered operational efficiencies across both WN and SCN.

### 7.4 Service Improvements, Initiatives and Efficiencies:

- Cleaning chemicals and equipment: A Norse procurement exercise has given access to more cost effective suppliers and new “Innuscience” cleaning products that are more efficient and eco-friendly than those formerly used.
- Specialist cleaning: Option to bring contracted specialist cleaning “in-house” is under review.



- 'Pebbell' staff reporting system: This was implemented in early 2016 for Suffolk Fire and Rescue sites managed by WN and the WN/WDC toilet cleaners, to manage site attendance and aid lone working management (having been successfully introduced by SCN in November 2015).
- Quality Monitoring: QA forms have been designed in-house for use on a portable hand held electronic tablets and this quality monitoring system has been successfully implemented across all WN building cleaning operations. The inclusion of photographic benchmark standards for grading purposes are an upcoming system development.

## **8 Grounds Maintenance**

- 8.1 Commercial Business: Year on year there has been an overall £25k increase in commercial business income, primarily from private clients requiring general grass/hedge cutting and arboricultural works. Schools and businesses have also been more actively targeted with the aspiration to further increase income during 2016/17.
- 8.2 Grass cutting: Grass cutting commenced six to eight weeks earlier in a number of areas this year following the mild winter. This gave WN a very advantageous position to start the season from and the majority of cuts and areas were either on or ahead of schedule throughout. However, a challenging period of growth during late May/June was evident despite works being on schedule. Similarly, cutting in the WDC cemeteries remained ahead of target this year following the last round review. In addition, the use of pesticides around obstacles (but not in cemeteries) reduced the need for strimming and improved operational efficiency, allowing the grass cutting rounds to be completed more quickly. Going forward, new advice from the HSE (Control of Vibration at Work Regulation 2005) in respect of permitted work time allowed on vibrating machinery (such as strimmers) will present significant challenges in maintaining previous standards as this type of equipment is used in many areas across the District.
- 8.3 Vehicles and Plant: 6 replacement John Deere ride on mowers were purchased at WN for use this season.
- 8.4 Green Flag Award: This year's judging for the Green Flag Award took place at Nicholas Everitt Park (NEP), Lowestoft on 25 April 2016 and, as a new entry, at the Spa Gardens, Felixstowe on 3 May 2016. Results were announced for both entries in July, with NEP successfully maintaining its award for the sixth consecutive year. A fitting testimony to the great work carried out by and partnership between WN and the Friends of Nicholas Everitt Park (FONEP) Group. NEP also received an additional award this year from the Anglia in Bloom organisation for Best Small Park (under 5 Acres).

The Green Flag Award is the benchmark national standard for parks and green spaces in the United Kingdom. The scheme was set up in 1996 and is now run through the Tidy Britain Group. It is seen as a way of encouraging high environmental standards and a benchmark of excellence in publicly accessible green spaces.

## **9 Car Parks**

- 9.1 DVLA Link: discussions are still in progress with providers IView and the DVLA with a view to having a linked system installed during 2016/17. When provided, a new system of this type will provide authorised officers access, via IView, to electronically request information from the DVLA database, to assist in tracing vehicle owner/keepers during the course of enforcement investigations.

- 9.2 Permit System: discussions are also still taking place with IView to install a bespoke system at WN and SCN to assist in the issue and management of parking permits for staff, NHS and contractors, with a planned installation date of December 2016, to coincide with the DVLA system.
- 9.3 Body Cams: during the year, two body cameras were purchased for car park inspectors to trial, with a view to improving their personal safety and recording incidents and contentious situations. Performance and effectiveness thus far has been very good and procedure documents are in the process of being written. Once complete, they will be formally agreed by the Council's Audit Team Data Protection Manager, with a view to making permanent and extending the future use of body cams.
- 9.4 Procurement of new pay and display (P&D) machines: the majority of all existing P&D machines across the District are nearing the end of their economic useful working life, with many requiring costly maintenance and other remedial works. As a result, the Council has agreed that a capital programme project be prepared for their replacement over the next financial year. The WN and SCN Car Parks Teams are supporting the Council's Procurement Team to tender a suitable contract. Cabinet have agreed to replace all machines in one year (during 2016/17) rather than over 3 years (as originally agreed) to accommodate the introduction of the new £1 coin in March 2017.
- 9.5 Changes to the New Traffic Regulation (Parking) Order (TRO): Officers at WN were instrumental in providing source data and recommendations for this new Parking Order as well as successfully implementing it on behalf of the Council. A few changes to the original draft Order were proposed and agreed at the December 2015 Cabinet meeting, and the new Parking Order came into effect at the end of March 2016. This was one of the outcomes from the very detailed and successful Strategic Review of Car Parking undertaken by WN and was the first increase in car parking tariffs since 2012.
- 9.6 Residents' Permits and Season Tickets: the WN Car Parks Team has been working alongside WDC's Customer Experience & Services Teams to implement an online, self-serve Residents' Permit and Season Ticket system, which went live on 1st April 2016 and thus far has proved to be very successful.

## **10 CONCLUSION**

- 10.1 Another very successful year for WN and the Partnership with further substantial savings and service changes having been delivered, and continuous achievements and improvements in productivity, efficiency and external business growth. For the 2015/16 year this equates to some £709,000 in combined savings, efficiencies and productivity bonus returned to WDC and some £3,969,906 returned since the Partnership commenced in 2008.
- 10.2 Ongoing efficiencies, profit and in-year savings will continue to be delivered during the 2016/17 year amidst the progress of Lowestoft Community Governance Review (Parishing) and the merger of WDC and SCDC into a single East Suffolk Council. Budgets for 2016/17 and updates to the MTFP to 2021 (rolling 5 year plan) have already been agreed and revised.
- 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 ever changing demands placed on the Partnership, both internal and external. Opportunities to increase and grow commercial work will continue to

be vigorously pursued to support and meet the future budgetary and service demands of the Council.

## **11 REASON FOR RECOMMENDATION**

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

### **RECOMMENDATION**

That the Annual report and progress 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