

Report to Cabinet
14 January 2013
Report of Deputy chief executive (Operations)
Subject Governance arrangements for New Public/Public Partnership

Item

15

Purpose

To agree the governance arrangements for the enhanced joint venture with the Norse group.

Recommendation

- (1) To approve the governance arrangements detailed in the report for the enhanced NPS (Norwich) joint venture and its subsidiary companies;
- (2) To delegate to the Head of Law and Governance, in consultation with group leaders, authority to appoint the member representatives on the three liaison boards; and
- (3) To delegate to the Deputy Chief Executive (Operations), in consultation with the relevant Portfolio Holder, authority to appoint stakeholder representatives to the liaison board.

Corporate and service priorities

The report helps to meet the corporate priority “Value for money services”.

Financial implications

There are no financial implications arising from this report.

Ward/s: All wards

Cabinet member: Councillor Waters – Deputy leader and resources

Contact officers

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Background documents

Confidential Report to Cabinet dated 14th November 2012 entitled Proposal for Public/Public Partnership for Service Delivery

Confidential Report to Cabinet dated 13 July 2011 entitled Future Delivery of Property Management Service

Report

Background

1. Norse is a 100% publicly owned company, established by Norfolk County Council. They have a track record of successful partnerships for the delivery of construction and environmental works, transportation, social care and property services for a range of local authority clients. NPS forms part of the Norse group.
2. In July 2011 Cabinet agreed to establish a 10 year agreement with NPS, known as NPS (Norwich), to deliver the management of the city council's non housing portfolio. This arrangement has worked well and in November 2012 Cabinet agreed to broaden the scope of this Joint Venture (JV) to include all the property functions of the city council as well as a number of other functions. In response, Norse agreed to transfer to the JV the contracted work they had already secured with the council.
3. On this basis the joint venture would be responsible for the council's property services, (including architectural work) housing and non housing repair and maintenance work, building cleaning (including sheltered housing, offices and MSCP), environmental works (including grounds maintenance, street cleansing and arboricultural services). The Council maintains control over the activities of the JV by the annual approval of the business plan(s) and budget for the services provided.
4. The whole operation would come under the umbrella of the existing NPS (Norwich) JV, but for management purposes there would be two subsidiary companies limited by guarantee responsible for environmental works and building works. The enterprise would be responsible for an establishment of over 300 employees and would have the scope to encompass additional council work.
5. The purpose of this report is to agree the governance arrangements for the enhanced joint venture.

Current governance arrangements

6. NPS (Norwich) Ltd, is a company limited by guarantee. In terms of governance the current shareholders agreement has the following summarised provisions:

Directors: The company has five directors: - the managing director of the company; two directors appointed by NPS; and two directors appointed by Norwich City Council (currently the Deputy Leader and lead officer).

Terms: The board of directors of NPS (Norwich) has responsibility for the supervision and management of NPS (Norwich) and its business. Directors are responsible for the management of the company's business and shall ensure that the company does not engage in activities in which Norfolk County Council and Norwich City Council have no powers to engage. Each party shall use its reasonable endeavours to promote and develop the business of NPS (Norwich) to the best advantage of NPS (Norwich).

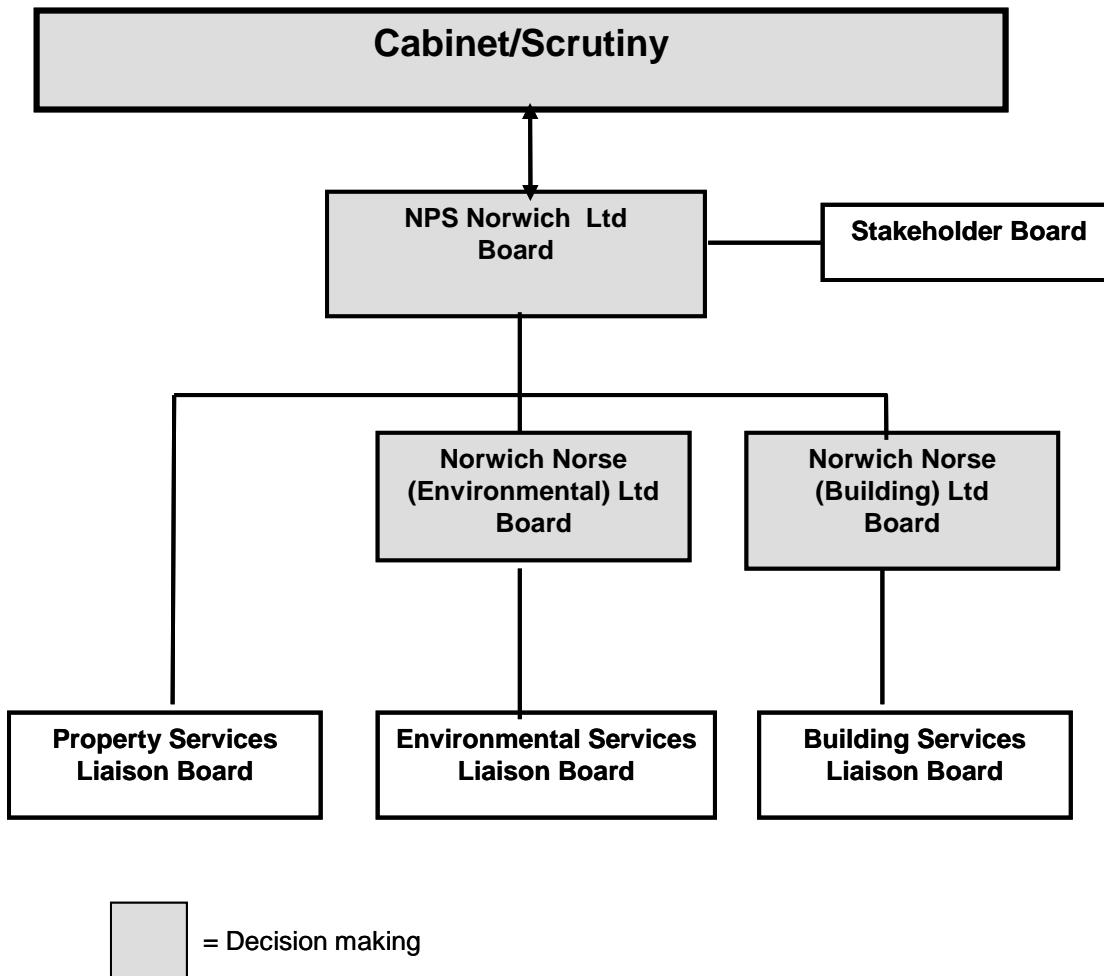
Meetings: Board to meet at least quarterly. A quorum comprises 3 directors comprising one of each from NPS and the council and the managing director. A resolution is passed if more votes are cast for it than against it; and at least one council director and one NPS director has voted in favour of it.

Proposed governance arrangements

7. There will be three different governance roles:
8. The **first level of governance** will be joint Norse/Council Company Boards to:
 - a) Manage the existing NPS (Norwich) JV board;
 - b) Manage the subsidiary company responsible for grounds maintenance, streets and building cleaning and arboricultural work (known as Norwich Norse (Environmental)); and
 - c) Manage the subsidiary company responsible for property repairs and maintenance works to housing and corporate properties (known as Norwich Norse (Building)).
9. The Council will have two representatives on each of the three Boards and it is proposed that these will be the relevant portfolio holder and an officer. The frequency of meetings will be determined by the individual boards but will be held at least on a quarterly basis.
10. The terms of reference for the subsidiary company Boards will be detailed in the shareholder agreement and will reflect those currently agreed for NPS (Norwich) and outlined in paragraph 6 above. In particular the Boards will be responsible for the business of the company. In summary the Boards will ensure that there is good governance in place, together with appropriate financial arrangements and that best practice in service delivery is followed. In addition they will be responsible for preparing the annual business plan for subsequent approval by the Council (which will include performance targets). In terms of timescale the subsidiary company for environmental matters will be operational from March 2013 and the subsidiary company for building matters will be operational from August 2013, but operate as a shadow body prior to this date.
11. The **second level of governance** will be a joint liaison board for each of the three main areas of activity (Property services, Environmental works and Building works). They will not be decision making bodies and there is no requirement for Norse to have a majority. They will undertake the essential role of monitoring performance (measuring service outcomes and financial data against the annual business plan). They will also be responsible for service review and development matters having due regard to the needs of the customers and other stakeholders. The precise terms of reference for the liaison board and the frequency of meetings will be agreed by the individual boards.
12. To ensure cross party representation the Council will have five representatives on the liaison boards (four members, two of whom will be from the majority party and an officer). Furthermore on the Building Works Liaison Board there will also be a tenant representative and there is the scope to include external stakeholder representatives on the other liaison boards as appropriate.

13. The **final layer of governance** will be a non decision making stakeholder board and there is no requirement for Norse to have a majority. This board will take a strategic overview of the performance of the joint venture, how it is meeting the aims and objectives of the council and to consider areas for development. On the Stakeholder Board the Council will be represented by the Leader and Deputy Leader, the Chief Executive and Deputy Chief Executive. The frequency of meetings will be a matter for the Stakeholder Board, but it is anticipated that this will not be less than on a six monthly basis.

14. The following diagram illustrates the above governance arrangements and highlights decision making bodies:



Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	14th January 2013
Head of service:	Deputy Chief Executive (operations)
Report subject:	Governance Arrangements for New Public Public partnership
Date assessed:	4th January 2013
Description:	To approve governance arrangements for an enhanced NPS (Norwich) joint venture

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment

Positive

It is expected that the new governance arrangements, particularly the establishment of new liaison boards will have a positive impact on the way environmental property and building services are delivered.

Negative

No negative areas have been identified

Neutral

In a number of areas it is anticipated that the impact of the revised governance arrangements will remain neutral.

Issues

none