

**Report to** Cabinet  
13 July 2016  
**Report of** Executive head of business relationship management and democracy  
**Subject** Joint venture business plans

**Item**

14

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## **Purpose**

To seek approval for the business plans for NPS Norwich Limited, Norwich Norse Building Limited and Norwich Norse Environmental Limited

## **Recommendations**

To approve the:

1. NPS Norwich Limited business plan for 2016/17
2. Norwich Norse Building Limited business plan for 2016/17
3. Norwich Norse Environmental Limited business plan for 2016/17

## **Corporate and service priorities**

The report helps to meet the corporate priorities a prosperous and vibrant city, value for money services, a safe, clean and low carbon city and a healthy city with good housing.

## **Financial implications**

There are no direct financial implications from the report. Each of the business plans helps to support delivering services within agreed budgets and delivering savings to contribute to the council's overall savings targets.

**Ward/s:** All Wards

**Cabinet member:**, Councillor Stonard - Resources and business liaison,

## **Contact officers**

Anton Bull	01603 212326
Bob Cronk	01603 212373
Dave Moorcroft	01603 212225

## **Background documents**

None

# Report

## Background

1. This report deals with the following three joint ventures that the council has with NPS and Norse
  - a. NPS Norwich Limited
  - b. Norwich Norse Building Limited
  - c. Norwich Norse Environmental Limited
2. The council and NPS Property Consultants Limited jointly own NPS Norwich Limited.
3. The council and NPS Norwich Limited jointly own Norwich Norse Building Limited
4. The council and NPS Norwich Limited jointly own Norwich Norse Environmental Limited
5. As well as being joint owners of each of the companies, the council has awarded a number of contracts to the companies to provide services to the council. These include
  - a. housing and non-housing responsive maintenance
  - b. void maintenance and upgrades
  - c. disabled adaptations
  - d. planned improvements and other associated works
  - e. housing and non-housing estates and property services
  - f. grounds maintenance, streets and other cleansing
  - g. arboriculture services
  - h. pest control
  - i. stray dog service
  - j. building cleansing
  - k. car park cleansing
  - l. other associated works
6. The council and its members and officers therefore have three distinct roles with the joint ventures:
  - a. shareholder
  - b. director (company board member)
  - c. contract management
7. This report deals with the council's roles as shareholder and director as it relates to the plans for the companies.
8. Each joint venture develops a business plan each year to serve as the strategic direction for the company for that year.

## **Business plan format**

9. The business plan sets out:

- a. background
- b. governance arrangements
- c. objectives
- d. opportunity assessment
- e. financial forecasts
- f. key risks

10. The business plans are relatively simple in their format and aim to give an overall picture of the direction of the company over the coming year.

## **Business plan approval**

11. Each business plan needs to be agreed by its company board. However, as part of the setting up of each of the joint ventures it was agreed that the business plans would be presented to Cabinet for approval.

12. Each company has 5 directors, 3 appointed by NPS and/or Norse and 2 appointed by the council.

13. The council directors are the cabinet member and the corporate leadership team officer most relevant to the services provided by the joint venture.

14. If Cabinet approves the business plans, the council's directors on each of the boards will then formally approve the business plans as part of the company board.

15. As always, the business plans are living documents. They will continue to be updated and amended post Cabinet review and throughout the year. Where there are significant changes these would be brought back to Cabinet, but minor changes would be reviewed by the Cabinet member and the officer on the board of the company and reviewed through that process.

## **Key issues for 2015/16**

16. The main issues for 2015/16 is the ability of the companies to impact the savings targets of the council and deliver the services to the standard required within the contracts.

17. This is reflected in the business plans and each company has been challenged to identify potential net cost reductions of 25%. This will include a combination of efficiency savings, changes to specifications and opportunities to increase the level of profit which is returned to the council. Again, where changes require Cabinet approval these will be brought to Cabinet in the usual way after consultation with portfolio holder.

18. The three business plans are attached.

## 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:	13/7/2016
Head of service:	Anton Bull
Report subject:	Joint venture business plans
Date assessed:	1/7/2016
Description:	Joint venture business plans

	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"/>	The business plans help to ensure that the companies are operating effectively and in the interests of the council as well as the other shareholders
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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input 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"/>	The business plans identify the key risks for each joint venture and how they are managed.

**Recommendations from impact assessment**

**Positive**

**Negative**

**Neutral**

**Issues**

# NPS Norwich



## NPS Norwich Ltd Business Plan 2016-17

### Background and Strategic Objectives

This business plan sets out the council objectives and how the joint venture will contribute to them, the objectives of NPS Norwich Ltd and the consequential action plans, performance measures and financial forecast for 2016-17. Having initially operated on a cost plus basis, the joint venture moved to a budget based process on 1 April 2014.

### The Company / History

The council entered into a contract with NPS Norwich Ltd from 1 March 2012 to provide estates services; and from 1 March 2013 to provide property services. The contract is until 20 February 2022. The work is to be carried out by NPS Norwich Ltd on behalf of the council is specified variously in the:

- [Original] Service Agreement, 1 March 2012;
- Second Service Agreement, 1 March 2012;
- Service Specification – Provision of Estates Services to Norwich City Council, 1 March 2013;
- Service Specification – Provision of Property Services to Norwich City Council, 1 March 2013;
- Pricing Document – Provision of Estates Services to Norwich City Council, 1 March 2013; and
- Pricing Document – Provision of Property Services to Norwich City Council, 1 March 2013.

NPSN maintains approximately 15,100 tenanted and 2,600 leasehold homes, with an anticipated overall budget of around £55m for 2015-16 (including over £30m, capital budget). The service is provided to almost one third of all homes in Norwich and therefore has a major impact on people's lives and the environment.

The non-housing property asset portfolio includes circa 1,000 buildings equating to a capital value of just under £200m. The annual income from the investment property portfolio is around £4.5m which is a strategically important part of the council's finances. The council also owns areas of Brownfield and other land which have potential for regeneration, this includes Bowthorpe Threescore, land at Goldsmith Street site and land at Mountergate West, where NPSN is helping to take forward their development.



## Values

The core beliefs of the company need to manifest in manner, conduct and management of the JV business plan. The target is to work with the community, add value support and continue to converse and prioritise “The Norse Way” through CSR (corporate social responsibility) aims.

### NCC Values – PACE

**Pride** – we will take pride in what we do and demonstrate integrity in how we do things.  
**Accountability** – we will take responsibility, do what we say we will do and see things through.  
**Collaboration** – we will work with others and help others to succeed.  
**Excellence** – we will strive to do things well and look for ways to innovate and improve.

### NPSN Values – The Norse Way

**Respect** – client and each other.  
**Innovation** – service delivery, process and skills.  
**Trust** – professional and personal integrity.  
**Quality** – working together.

## Governance

The NPS Norwich Ltd Board comprises of the following:

<b>Chairman</b>	Mike Britch	Managing Director, Norse
<b>Director</b>	Peter Hawes	Managing Director, Norse Commercial Services Ltd
<b>Director</b>	Cllr. Mike Stonard	Portfolio Holder for Resources and Income Generation
<b>Director</b>	Anton Bull	Executive Head of Relationship Management and Democracy, Norwich City Council
<b>Director</b>	Ian Bromley-Derry	Managing Director, NPS Norwich Ltd

Governance of NPS Norwich Ltd will be conducted by the management team, joint strategic management meetings with Norwich City Council and overseen by the Liaison Board. Performance will be assessed against a range of information:

- Operational performance through measured contained within “Norwich City Council operational plan for NPSN 2016-17”
- Financial report setting out the financial performance during the year
- Risk register setting out for the risks facing the company and the way they are managed
- Business growth in line with budgeted expectation
- Business strategic – six year plan 2016-22

## Strategic Objectives

The company will assist with the council's objectives to reduce its budget by 25% over four years whilst developing and growing the commercial element of the business and maintain a profit.

- To broaden both the Client base and services to the existing Clients at the current location in Norwich
- It is the intention to also expand geographical sphere of influence of the JV – where there is limited housing specialisms within NPS network
- Utilise professional and technical staff appropriately to increase productivity and reduce operational expenditure
- Cultivate strategic alliances with both public and public sector organisations
- Diversification of the Client base through exploring new markets will provide a more robust income stream. Effort will reduce the percentage of Norwich City Council fee income of 98% 2015-16 to below 90% of the total JV turnover by the end of 2021-22 financial year

The drive to increase turnover, productivity and profitability will be necessary so that the planned growth of the business can be financed. Company overheads must be covered to provide a safe, reliable and stable office environment for staff to work. The business plan takes account through office and staff expansion needs to be planned and consistent to the overall strategic aims of the business.

## Norwich City Council Objectives

To realise its vision '*To make Norwich a fine city for all*', the council have adopted five corporate priorities. NPS Norwich will contribute to these priorities as following:

To make Norwich a safe, clean and low carbon city – "*to reduce the council's own carbon emissions through a carbon management programme*".

Review energy performance of commercial property in light of EPC information and make recommendations regarding future investment/management in light of The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015. Work with the council to ensure that new homes built by the council conform to Sustainable Homes Level 4 or Passivhaus as agreed. Deliver an ongoing investment programme of energy efficiency improvements in council housing across the city. Carry out a review of the council's asset portfolio informed by energy performance surveys to guide opportunities for energy efficiency improvement and rationalisation.

To make Norwich a prosperous and vibrant city – "*to support the development of the local economy and bring in inward investment through economic development and regeneration activities*" and "*to maintain the historic character of the city through effective planning and conservation management*".

Deliver the council's capital programme as identified in section D of this business plan. Assist in the council's economic development and regeneration activities including; and work with officers in the conservation and design team and other areas to implement the heritage investment strategy.

To make Norwich a fair city – "*delivery of the reducing inequalities action plan*".

By being a living wage employer; and take reasonable steps to ensure contract provide local employment and provide training and increased skills for local residents.

To make Norwich a healthy city with good housing – “to support the provision of an appropriate housing stock in the city including bringing long term empty homes back into use and building new affordable homes” and “to improve the council’s own housing stock through a programme of upgrades and maintenance and provide a good service to tenants”.

Work with the council by acting as employer’s agent and providing design and supervision services to bring forward new build development; work with other services to deliver the council’s housing revenue and capital programme of housing repairs and improvements, as identified in D of this business plan. Provide proactive property and estate management services to inform the council’s Housing Revenue Account (HRA) business plan; and improve the quality of shop units in the HRA to help maximise lettings and income returns.

To provide value for money services – “to maximise council income through effective asset management, trading and collection activities”.

To reduce NPS Norwich costs to the council and/or to increase income generated directly by the company (e.g. profit share) to help deliver the council’s transformation programme. Work with the council to improve budget setting/control processes. Work with the council to support its financial services. Undertake pro-active estate and property maintenance to ensure property rental income exceeds budget provision taking into account possible voids and debt (and also allowing for in-year unlettable voids and disposals). Provide services within agreed timescales and budgets. Take steps to increase the council’s investment portfolio through acquisition of assets with strong covenants and yields within the budgetary provisions of the capital programme; and taking forward the development of new build housing for sale, private rent and/or social rent as set out in the capital programme.

## **Performance Measures**

### Operational Objectives

NPS Norwich Ltd work in collaboration to provide to provide holistic and generic asset management provisions to both housing and commercial portfolios. Annual operational objectives are highlighted annually in “the Norwich City Council operational plan for NPS Norwich”. The plan is reviewed in each year and amended subject to budget spend and priorities. Key performance indicators and funding for special projects are combined for completion within the financial year. Progress is reviewed through regular client liaison and individual project management criteria.

### Strategic Objective

These are provided through the partnership company Board focusing on financial performance, structural innovation and expansion of the JV into markets other than the core service.

## **Commercial Market Awareness**

The sale of existing skills into new markets may be the greatest area of opportunity, although the difficulties of winning market share in the face of aggressive competition and oversupply in the professional services sector are not to be underestimated.

We will start to pursue commissions from tender and PPQ, small scale commissions with local ‘PCTs’ that offer the best prospect of developing a track record in any new market.

Local Authorities in East Anglia and Central East England should be the subject of a focused campaign using our sphere of influence as a development.

Opportunities in the private sector will be explored only on an opportunistic basis, where they are perceived to be compatible with our strengths, or through collaboration.

In addition, partnership with other organisations either public or private is also possible provided that the skill base of each company is complementary. This will avoid organisational protection of clients, staff and fee basis.

## Strengths and Challenges

### Structure and Organisation

The process of change experienced since the JV commenced is set to enhance and evolve in parallel with the aims and aspirations of the partner authority. New business management system introduced have helped to increase both productivity and profitability. ICT and training investment have contributed to the stable foundation from which the JV can grow however; for the growth to continue opportunities, challenges and mitigation need to be highlighted.

<b>Strengths</b> <ul style="list-style-type: none"> <li>Significant resource.</li> <li>Strong local delivery.</li> <li>Multi-discipline capability.</li> <li>Familiarity with public sector's low turnover of staff.</li> <li>Professional knowledge.</li> <li>Breadth of JV skill base.</li> <li>Business management system.</li> <li>ICT investment.</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>Real communication to serve entire target area (East Anglia) from current office.</li> <li>Relatively inexperienced in private sector demands.</li> <li>Inability to expand beyond target area.</li> <li>Local Authority branding.</li> <li>Ensure competitive private sector fees.</li> </ul>
<b>Action</b> <ul style="list-style-type: none"> <li>Develop interdisciplinary working.</li> <li>Exploit packaging of services in different combinations to suit client requirements.</li> <li>Develop new services to meet client needs.</li> <li>Flexibility of service.</li> </ul>	<b>Action</b> <ul style="list-style-type: none"> <li>Examine opportunities for expansion through strategic alliances.</li> <li>Appropriate, targeted training.</li> <li>Recruitment of technical staff.</li> <li>Review current working practices.</li> <li>Minimise JV overheads.</li> </ul>

### Client Base

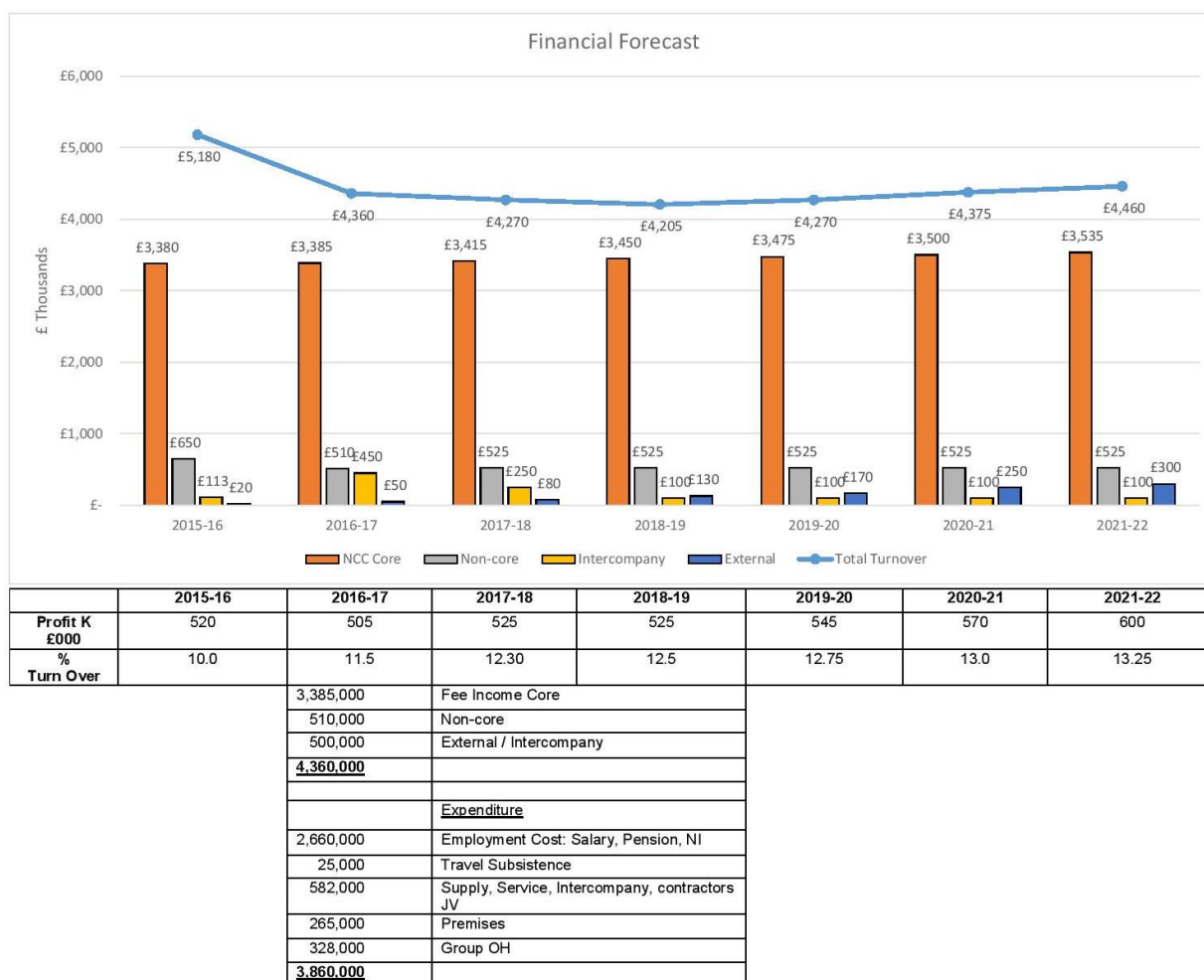
<b>Strengths</b> <ul style="list-style-type: none"> <li>Stable fixed fee.</li> <li>Familiarity with prime client requirements.</li> <li>Familiarity with asset portfolio of prime client.</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>Dependence upon prime client.</li> <li>Breaking into new markets against established competition.</li> <li>Limited private sector experience.</li> <li>Capacity to deal effectively with external work while maintaining core service.</li> <li>Localised knowledge of profession.</li> </ul>
<b>Action</b> <ul style="list-style-type: none"> <li>Continue to develop partnership with prime client.</li> <li>Broaden skill and geographical base to exploit market trends.</li> <li>Seek Board/Core clients approved for expansion.</li> </ul>	<b>Action</b> <ul style="list-style-type: none"> <li>Develop marketing capabilities; encourage a widespread marketing philosophy.</li> <li>Seek strategic partnership to mitigate expenditure into new market.</li> </ul>

### Range of Services

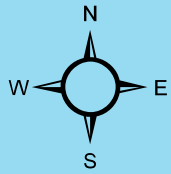
<b>Strengths</b> <ul style="list-style-type: none"> <li>Significant resource.</li> <li>Strong local (Norfolk) delivery.</li> <li>Multidiscipline capability.</li> <li>Extensive public sector knowledge.</li> <li>Familiarity with requirements and procedures of the core client.</li> </ul>	<b>Weakness</b> <ul style="list-style-type: none"> <li>Tendency towards insularity by profession/work group.</li> <li>Networking possibilities with other businesses not exploited to the full.</li> <li>High cost base through Group overhead.</li> </ul>
<b>Action</b> <ul style="list-style-type: none"> <li>Capitalise upon resource through targeted marketing.</li> <li>Continue to nurture relationship with prime client.</li> <li>Develop service that JV have defined maintainable skill base.</li> </ul>	<b>Action</b> <ul style="list-style-type: none"> <li>Facilitate multidiscipline working.</li> <li>Develop staff exchanges and secondments with other businesses and within NPS.</li> <li>Differentiate service from that provided by competitors.</li> <li>Develop new services.</li> <li>Employment of technical staff.</li> </ul>

## Financial Forecast

The financial projections for the joint venture are set out in the appendices. Year 2016-17 onwards indicates the aim of NPS Norwich to increase both productivity and profitability, supporting and having income through productive marketing within both the private and public sector area. See Below financial forecast appendix.



# Sphere of Influence



## Driving time from Norwich

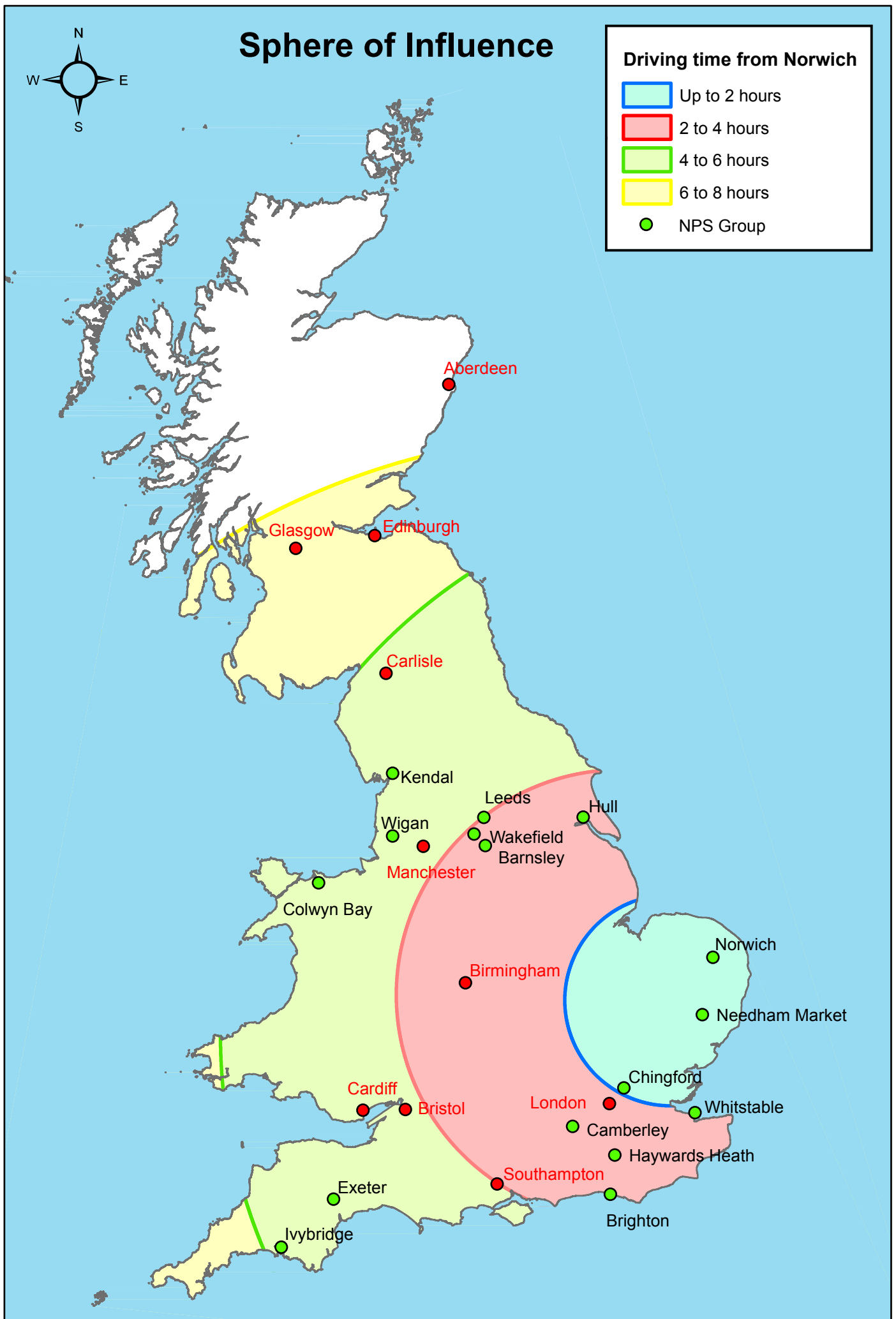
Up to 2 hours

2 to 4 hours

4 to 6 hours

6 to 8 hours

NPS Group



# NPS Norwich Risk Register

22/06/2016

Ref No	Risk Category	Risk/Event	Consequence	Likelihood	Impact	Weighting	Owner	Risk Decision	Control(s)/Mitigation Plans	Comments	Initial Score
NOR1	People	Failure to create a robust succession plan to address impending retirement of key staff	Loss of critical knowledge, experience and degraded client relationships. Results in reduced level of service and potential loss of business.	3	3	9	Ian Bromley-Derry	Manage	<p>1. By end of August 2012 Identify key team members who are likely to be retiring within the next five years.</p> <p>2. Create a succession plan for each key team member identified in action #1 which includes a timetable, critical knowledge and relationships transfer and potential successors</p> <p>3. Maintain a proactive 'sensing' within the NPS Group and the market that identifies potential recruits for future consideration - HR to provide age profile to staff.</p> <p>4. Recruit trainees, train, develop and retain.</p> <p>5. Identified pinch points in Structural, Civils Mechanical and Electrical are being escalated due to the market warming up. Address via retention strategies using the Rewards strategy</p>	<p>1. Completed</p> <p>2. New management structure is in place for June 2016 and succession planning to include key elements of the mitigation are underway.</p> <p>3. This action is being progressed by the MD</p> <p>4. Apprentices and trainee programmes are in place and running well</p> <p>5. Reward strategy is nearing finalisation, incentive and market rates retention strategies can be deployed November 2016</p>	12
NOR2	Strategic	Inability to expand business beyond the current geographical area.	No additional income being generated to support the business or fill shortfalls from reducing NCC client budgets. Results in not meeting business plan targets and having to reduce levels of resource	4	3	12	Ian Bromley-Derry	Manage	<p>1. Examine opportunities for delivering services into the wider NPS Group and establish partnership and co-operative working with NPS fellow professionals managing other JV relationships. Review opportunities of business expansion and improved service delivery through regular client liaison.</p> <p>2. Expand client base through focused marketing and networking within the Norwich and Norfolk areas in partnership with NPS colleagues based in Norwich. Identify business/service improvements through annual business plan.</p> <p>3. Develop new services for offer to existing and new clients. Identify any specialisms or expertise within the team that can be successfully marketed</p>	<p>1. Completed</p> <p>2. Strategy created and is included into 2016 - 2017 business plan. Sphere of influence identified and business opportunities reviewed and circulated to all staff</p> <p>3. 2016 - 2017 business plan identifies new initiatives and enhanced services / products i.e. Housing services, Housing condition surveys, Clerk of Works, Housing management, Letting &amp; Estate Agency. Team are working with NPS Group to rollout commencing April 2017</p>	12
NOR3	Operational	Inability to produce standard letter templates from within Civica to residents that include the NCC and NPS joint working logos	Leads to poor customer service and inability to access properties. Results in unacceptable and poor performance results and service delivery.	4	3	12	Gary Atkins	Manage	<p>1. Agree by the end of April a joint branded letter that can be produced from within Civica.</p> <p>2. As an interim continue to use NCC headed paper and the current template until a solution is delivered.</p> <p>3. Assess the viability of Producing letters outside of Civica, scan and create PDFs for loading back into Civica. Complete this action by 12th April</p>	<b>CLOSED</b>	12
NOR4	People	Loss of key individuals due to stress related issues or resignation	Leads to lack of critical business resource / technical expertise or lengthy replacement timescales. Results in inability to provide key services. Additional costs for recruitment.	3	3	9	Ian Bromley-Derry	Manage	<p>1. Undertake an exercise by the end of April 2012 to identify key individuals who would be a 'regretted loss' See item 73.</p> <p>2. By end of April 2012 Assign specific managers responsibility to take proactive measures with identified individuals - 1:1 communication, monitor workloads and take positive action to ensure health &amp; wellbeing</p> <p>3. Use the opportunity of Townshend House relocation in November 2013 to create an environment of openness and accessibility together with a supportive culture</p>	<b>CLOSED</b>	9
NOR5	Operational	Major service failure	Norwich City Client losing confidence in NPS. Reduction or cancellation of contract at 5 year review in 2017 or at end of contract in 2022. Penalisation of PQQ submissions. Reductions in repeat business. Clients requiring greater guarantees and assurances before letting contracts. Results in loss of business income. More costly trading and greater difficulty in achieving opportunities to tender	3	4	12	Ian Bromley-Derry	Manage	<p>1. Review service monitoring performance arrangements by mid May 2012 and ensure these are actively and regularly monitored by management teams.</p> <p>2. Undertake independent review of service delivery processes and controls in each office by end of Q2 2012 - create and manage improvement plans as required.</p> <p>3. Ensure effective relationship management arrangements are in place by end of Q2 2012</p>	<p>1. Arrangements reviewed and matched to clients requirements. Performance reviewed at regular management team meetings.</p> <p>2. Recommendations of the recent BMS internal audit are being implemented. Proactive investment procedure with portfolio spreadsheet is in place as are KPI's which are reported regularly to the client. LGSS have recently been commissioned to undertake an audit of the property management function</p> <p>3. regular updates with client officers liaison board are in place. The NCC representation has been expanded to now include senior managers from Housing. The recent budget review has been proactively supported by NPSN. A ten point recommendation plan has been created for submission to the board 31/5</p>	8

# NPS Norwich Risk Register

22/06/2016

NOR6	Strategic	Failure to proactively manage the client relationship and manage any negative changes in client behaviours	Leads to poor relationships and inaccurate understanding by key NCC clients of the JV Results in increased levels of challenge to fees and lower client satisfaction.	3	4	12	Ian Bromley-Derry	Manage	<p>1. Arrange regular 1:1 performance reviews between JV MD and key client officers - A Watt and D Rogers. Ensure Key Performance Indicators are agreed and regularly reviewed</p> <p>2. Identify key NCC clients / stakeholders and nominate specific managers to develop and maintain positive relations and regular communications</p> <p>3. Continue to represent NPS Norwich at Norwich CC Liaison Board meeting</p>	<p>1. Reviews in place and undertaken regularly. Pl's agreed and actively monitored. A Bull of SLT is now a Co board member which strengthens the high level interfaces between the two organisations</p> <p>2. Initial identification undertaken. Satisfaction questionnaires deployed to create an assessment of service. Monthly 1:1 meetings are being undertaken with heads of service at NCC</p> <p>3. Housing 'Focus On' Newsletters issued regularly and include NPS articles as does the tenants newsletter 'TLC'</p>	6
NOR7	Operational	Errors and omissions being made in projects	Leads to making refunds to Clients / Contractors. Results in loss of margin and reputational damage.	2	3	6	Ian Bromley-Derry	Manage	<p>1. Ensure quality outputs. Check work before issue. Compliance to internal and external audits. Continue to fill vacancies to match workload.</p> <p>2. Defend robustly all claims but make good where appropriate</p> <p>3. Disciplinary action where required</p>	<p>1. Internal audit report recommendations are being implemented. Core processes are also being reviewed under the lead of a senior manager. Peer review and sign off of activities is in place as appropriate to risk</p> <p>2. No claims currently in play</p> <p>3. No actions required to date</p>	6
NOR8	Strategic	Failure to establish a positive working relationship with the New Head of Housing	Leads to poor working relationships and lack of understanding by the client as to what NPSN roles and responsibilities are Results in loss of influence with NCC major client, possible negative perceptions of service and criticisms from officers and members	3	4	12	Gary Atkins	Manage	<p>1. Associate Director of Operations to make early contact with Lee and arrange to present an overview of the partnership and service provided. Establish initial contacts</p> <p>2. All senior managers provide proactive support during the first months, going the extra mile</p> <p>3. Showcase a number of the housing projects personally and on site</p>	<p>1. ADO has established regular formal and informal sessions that have proved beneficial in establishing positive working relationship and that provide the needed support</p> <p>2. Support provided across a range of activities and in a very responsive timeframe</p> <p>3. HoH has visited a number of schemes including Don Pratt, Britannia Court and St James. These have proved very useful in establishing standards and insight into projects. HoH is also now attending the weekly liasion board meetings</p>	
NOR9	Strategic	Ineffective response to the Partnership review instigated by R O'Keefe	Leads to NPSN not effectively contributing to or influencing the outcome Results in onerous new governance arrangements and loss of value	3	4	12	Ian Bromley-Derry	Manage	<p>1. seek to influence the original ToRs</p> <p>2. Demonstrate a proactive support to developing the process</p> <p>3. Ensure timely and senior support / attendance at and to all development initiatives</p>	<p>1. NCC are still to issue the report prepared by EELGA. A joint approach to recommendations will be agreed. 2 &amp; 3 Both partners have agreed that proactive Client liaison is a key factor including clarity on Roles and Responsibilities. These will be further developed once the EELGA report has been formally issued. However in the meantime NPS senior managers have strengthened communication links with NCC counterparts and are providing greater clarity on operational processes and visibility of any issues</p>	
NOR10	Operational	Loss of revenue funding due to significant reductions in budgets	Leads to significantly reduced funding Results in loss of jobs and inability to deliver services	4	4	16	Ian Bromley-Derry	Manage	<p>1. Clearly articulate the impacts (short to medium term) reductions in revenues will have on staff numbers and service delivery. Create a new structure for NPSN to be deployed ready for 2017 - 2018 business plan</p> <p>2. Seek to amend KPI's related to the areas of service directly impacted by reductions</p> <p>3. Develop, alternative sources of income</p>	<p>1. New structure is being developed and the first phase will be implemented Q1 2017</p> <p>2. KPIs being amended and developed to reflect changing requirements. A proposal to freeze the genral fund to 2022 has been proposed.</p> <p>3. New markets and products are being developed and the 16 - 17 business plan reflects a greater emphasis on profitability and productivity</p>	
NOR11	Operational	Failure to effectively manage any of the significant construction projects currently underway	Leads to overrun of costs or poor quality delivery Results in reputational damage for NPSN, loss of future opportunities and income	3	3	9	Carol Marney	Manage	<p>1. Appoint appropriately experienced Project and Programme managers who as well as having high level PM skills can effectively manage relationships</p> <p>2. Consolidate funding sources as soon as possible to allow project budgets to be established</p> <p>3. Source expertise from within NPS PC to support projects</p>	<p>1. PM appointed for St James, Britannia and Rose Lane</p> <p>2. St James, Britannia and Rose lane project budgets were established, however there are some client concerns as to the re allocation of capital funding within Housing projects, therefore an internal audit of St James has been commissioned by the Head of Finance</p> <p>3. NPS PC and B&amp;S resources are being deployed. Regular performance review meetings are held by NPSN MD and B&amp;S senior managers</p>	



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**NORWICH**  
City Council

## **NorwichNorse (Environmental) Ltd Business Plan 2016/17**

### **1. Background and Strategic Objectives**

This business plan sets out the council objectives and how the joint venture will contribute to them, the objectives of Norwich Norse (Environmental) Ltd and the consequential action plans, performance measures and financial forecasts for 2016/17. Having initially operated on a cost plus basis, the joint venture moved to a budget based process on 1 April 2014.

#### **The Company / history**

Norwich Norse (Environmental) Ltd was formed on 1 March 2013 as a joint venture to provide a range of environmental services on behalf of Norwich City Council. This joint venture is part of a wider group of companies including NPS Norwich Ltd and builds on the experience gained from other local authority joint ventures around the country with Norse Group Ltd.

From the 1st March 2013 Norwich Norse (Environmental) Ltd took on the responsibility for delivering the grounds maintenance, streets and other cleansing, arboricultural and sheltered housing cleansing services. Other services transferred in as follows:

- 1st Sept 2013 Multi-storey car park cleansing
- 1st Sept 2013 Administrative building cleaning
- 1st Sept 2013 Cleaning of public conveniences
- 1st Sept 2013 Cleaning of parks toilets and changing rooms
- 1st July 2015 Play Area Maintenance
- 1st Mar 2016 Rose Lane Multi Storey Car Park Cleaning.

The services include grounds maintenance, streets and other cleansing, arboricultural services, pest control, stray dog service, building cleansing, car park cleansing and other associated works.

#### **Values**

The city council has also developed its 'changing pace' values to guide its ongoing change and improvement to ensure it meets the challenges ahead, continues to improve as an organisation and meet the needs of the city through its vision and priorities. Those values are:

- Pride – we will take pride in what we do and demonstrate integrity in the way we do it;

- Accountability – we will take responsibility, do what we say we will do and see things through;
- Collaborative – we will work with others and help others to succeed;
- Excellence – we will strive to do things well and look for ways to innovate and improve

As a Norwich City Council joint venture, Norwich Norse (Environmental) Ltd will assume these values in its own operations and ways of working.

## **Governance**

The NorwichNorse (Environmental) Ltd Board comprises the following

Chairman	Peter Hawes	Managing Director, NCS Ltd
Director	Cllr Paul Kendrick	Portfolio holder for Neighbourhoods & community safety, Norwich City Council
Director	Nicola Holden	Commercial Director, Norwich Norse Environmental
Director	Bob Cronk	Interim Executive Head of Neighbourhoods Norwich City Council
Director	Hannah Leys	Operations Director, Norwich Norse Environmental

Governance of Norwich Norse will be conducted by the management team, joint strategic management meetings with Norwich City Council and overseen by the Liaison Board. Performance will be assessed against a range of information:

- Operational performance through measures contained within the Balanced Scorecard direction of travel
- Project register setting out areas of improvement, tasks or cost reduction
- Financial report setting out the financial performance during the year
- Risk register setting out the risks facing the company and the way they are managed
- Business growth in line with budgeted expectation

## **Strategic objectives**

The company will assist with the Council's objective to reduce its budget by 25% over 4 years whilst developing and growing the commercial element of the business and maintaining agreed profit level.

The company will work to increase business from clients other than Norwich City Council to a maximum 20% turnover.

The company will underpin its work by the delivery of the following:

- Maintaining an attractive environment for residents and visitors to enjoy.
- Assisting the council in delivering set service standards for all parts of the service.
- Delivering a service that reflects the need of a particular area.
- Minimising the amount of waste arising and increase the amount that is recycled.
- Providing high performing services recognised by residents of and visitors to the city as being effective and efficient.
- Assisting in the delivery of key strategies
- Where possible service delivery will be integrated ensuring maximum efficiency is achieved especially with regard to housing and non-housing operations

## **Norwich City Council objectives**

To realise its vision, the council has adopted five corporate priorities, which represent the key things it aims to focus on achieving for the city and its residents. The company will assist the council in implementing these priorities which are:

1. To make Norwich a safe, clean and low carbon city
2. To make Norwich a prosperous and vibrant city
3. To make Norwich a fair city
4. To make Norwich a healthy city with good housing
5. To provide value for money services

Norwich City Council identifies within its corporate plan a priority to make Norwich a "Safe, Clean and Low Carbon City". The council's aim is to develop a community shaped service that supports this priority. Where possible the service will work in partnership with the whole community, facilitate customer satisfaction and ensure the delivery of set service standards.

The council exists to serve local people and to support the city. We want people to have a pride in their neighbourhoods and to have a strong voice to influence local service delivery. Three key aims have been developed to underpin the council's priorities:

- To provide adequate public and environmental protection

- To ensure neighbourhoods are clean, green and safe for residents and visitors
- To work in partnership with residents and other organisations to encourage active participation in the community.

## **2. Strengths and Challenges (current and future)**

Since the company was formed it has helped the council to deliver improving services. It now has an established platform of local expertise able to deliver quality services to the market place. It is financially stable and has increased its profitability over the last two years. There is a committed workforce who take pride in what they do which is led by a team wanting to work in full partnership with the city council in achieving its strategic objectives.

Improvements still need to be made in developing a culture of being proactive rather than reactive and establishing a culture change linked to innovation and implementation of new methods of working. There is a need for open communications with the council to enable the delivery of the services to be linked to policy led changes over the coming months. This year will be challenging especially with the financial conditions in place.

## **3. Operational Objectives**

NorwichNorse (Environmental) Ltd shall work with the city council to meet its strategic objectives and to improve the Service environment by:

- Operating methods of work which allow the highest standards of health and safety to be achieved, as considered by Legislation, the Health and Safety Executive and recognised best practise;
- Adhering to changing legislation;
- Implementing working methods and support systems which will achieve the highest levels of stake holder satisfaction (commensurate with performance);
- Employing service methods are flexible enough to account for changing patterns of work;
- Improving services so that targets set through relevant performance indicators are met;
- Ensure the employee skill base matches the requirements of the service.
- Take advantage of innovative opportunities to improve service delivery

## **4. Financial Objectives**

Norwich Norse Environmental Ltd is committed to provide the agreed environmental services on behalf of Norwich City Council at the lowest possible price, assisting with the Council's objective to reduce its budget by 25% over 4 years whilst developing and growing the commercial element of the business and maintaining agreed profit level.

The company is committed to increasing turnover up to a maximum 20% from other clients other than Norwich City Council

The company will undertake its business ensuring targets are met to ensure profit levels are maintained and where possible improved.

## **5. Delivering the Objectives**

### **Project Register**

The project register (Appendix 1) is a live document that outlines the projects that intend to develop and deliver the business over the course of the year. This is reviewed on a monthly basis and updated and amended as required. New significant additions to the project register are listed below:

- Future use of Mile Cross Depot – a detailed plan of usage and impact of closure (on storage capability, fuel consumption and operational time) will be produced.
- Living Wage - Review effect of April 2016 uplift and future uplifts on degradation of differential
- Income Opportunities - Working with NCC BDO to maximise promotion of council Services eg sports marketing
- Value for Money - Demonstrating JV option is best value. Highlighting added value/ partnership working. JV review document
- Review of Service Provision - Ensuring best value, maximising effectiveness to assist maintenance of services

### **Business Growth**

Norwich Norse (Environmental) Ltd is committed to growing the commercial element of the business which will be carried out through finding operational efficiencies and investment in new opportunities. This aims to enable an enhanced flexibility within the service provided to the City Council.

### **Commercial Market**

Likely areas of business growth are in tree maintenance, tech ops services and cleaning.

### **Competitor Analysis**

A separate competitor analysis document is produced and maintained by our Business Development Manager.

#### **Strengths**

- Local expertise
- Resources (equipment and staff)
- Support services (procurement, HR, H&S, recruitment)
- Accreditations

- Access to information/good practice from other Norse JV's
- Shared business set up models from other Norse JV's
- Non profit driven
- Recognised brand in our market area

#### Weaknesses

- Industry Accreditations- Arboricultural Association
- Funding for marketing due to low profit margins
- Being recognised as a commercial supplier
- National coverage eliminates ability to supply to corporate organisations

#### Opportunities

- Local business short term cleaning contracts
- Domestic tree services
- Commercial tree contracts
- Parish council contracts (grounds, trees, play)
- Tech ops works with other agencies (example- housing associations)
- Pest control expansion
- Diversification of services

#### Threats

- One man band type businesses - competition
- Lack of flexibility in pricing structure
- Local government budget cuts
- Market saturation

### **Joint Ventures**

Where possible joint ventures will support and utilise the services of other joint ventures to promote mutual success.

The company will continue to identify efficiencies and ways of increasing income thereby reducing the net cost of the service to the city council. A programme will be developed identifying where savings can be made and for the implementation of savings measures identified within the council's transformation programme.

### **6. Performance Measures**

Norwich Norse (Environmental) Ltd has identified the following key objectives, actions and performance measures. These are collated in the Balance Scorecard (Appendix 2) which is reported monthly to the city council and reviewed at the Company Liaison Board.

### **7. Financial Forecasts**

The financial projections for the joint venture are set out in the table below:

The financial year runs from 1 April to 31 March.

	Year 4 2016/7	Year 5 2017/8	Year 6 2018/9	Year 7 2019/0	Year 8 2020/1
Partnership income	5778	5823	5823	5823	5823
Other income	558	580	620	660	700
<b>Total Income</b>	<b>6336</b>	<b>6403</b>	<b>6443</b>	<b>6483</b>	<b>6523</b>
Employee costs	4108	4133	4133	4133	4133
Materials	185	190	200	210	220
Vehicles	795	796	809	818	827
Supplies and services	95	93	93	93	93
Equipment	219	215	215	215	215
Sub contractors	60	60	60	60	60
Other	300	330	335	335	335
Management fee 6%	369	373	375	376	377
<b>Total costs</b>	<b>6131</b>	<b>6190</b>	<b>6220</b>	<b>6240</b>	<b>6260</b>
Profit	205	213	223	243	263
50% share to Norwich	102.5	106.5	111.5	121.5	131.5

Year 4 reflects agreed budget with Norwich City Council with additional labour costs and income to reflect the living wage uplift and additional cost of National Insurance. Year 4 includes the addition of the Play Area Maintenance service in the partnership fee.

Year 5 includes the addition of Rose Lane Car Park Cleaning

Year 5-8 does not include any inflation re income or costs.

The table does not include reductions in costs at this time and will be revised when the project programme is developed thereby linking this work to the financial forecast for the company



## 8. Key Risks and Mitigating Actions

### NORWICHNORSE (ENVIRONMENTAL) RISK REGISTER

NN(E) CORPORATE RISK REGISTER						
<div>LAST UPDATED:</div> <div>NEXT UPDATE DUE:</div> <div>FOR REVIEW BY:</div>					Key to Risk Class	Extreme
						High
						Medium
						Low
13/14 Ref no.	Risk Source (Lack of... Failure to...)	Risk Consequences (Leads to... Results in...)	Current Control Measures	Likelihood	Impact	Risk Score (LxI)
1	Loss of key building or sub depot	Prolonged disruption to services. Possible loss of important documentation. Business continuity issue.	Key site is Fifers Lane, disaster recovery plan in place.	2	4	8
2	Failure of IT	Loss of time. Possible loss of crucial operating, financial and contractual information.	Norse disaster recovery plan in place. Key documents backed up on disk. Data backed up by NPS and externally.	2	4	8
3	Changing political priorities	New Members may have different strategic intention for service delivery.	Performance, project and financial measures and controls in place. Ensure service delivery is flexible to meet changing needs. Demonstrate benefits of working in partnership.	2	5	10
4	Lack of office and depot space	Unable to cope with growth.		3	4	12
5	Loss of key personnel	Relationship with City Council may be damaged or broken.		2	5	10

6	<b>Lack of support from Norwich City Council officers.</b>	Loss of work, disagreements regarding service levels and quality.	Regular meetings in place.	2	4	8
7	<b>Norwich City Council budget pressures</b>	Reduced service levels, redundancies, reduced reputation.	Regular meetings in place. Environmental services a priority for the City.	3	3	9
8	<b>Failure to secure vehicles and equipment</b>	Loss or damage to assets and impact on service delivery. Cost of claims etc.		3	3	9
9	<b>Loss of service due to fuel restrictions</b>	Temporary loss of services.	Maintain fuel stocks at depot	2	4	8
10	<b>Failure to manage H and S hazards</b>	HSE enforcement, staff injury/claim. Staff absence.	Risk assessments. Accident investigations.	2	3	6
11	<b>Living wage</b>	Effect on competitiveness, differentials. Cost at time of budget restrictions.	Explain full impact to Norwich City Council and ensure sufficient budgets to pay for it.	3	2	6
12	<b>Major staff sickness/absence</b>	Inability to deliver services.	Business continuity plans. Sickness managed by Bradford scale.	1	4	4
13	<b>Credibility of both parties as a result of poor service</b>	Loss of support from Councillors and the public and potential termination of JV.	Robust performance management and monitoring systems combined with regular meetings to check progress.	1	4	4
14	<b>Severe weather event</b>	Could lead to loss of life and disruption in services	Emergency plans in place, tree inspection programme in place, strong governance arrangements	2	4	8
15	<b>Key supplier failure</b>	loss of service, reputational issues	Sourcing alternative suppliers, regular credit checks	1	4	4
16	<b>Barriers to improvement and change management.</b>	Reduction in service standards, lack of performance, resistance to new working methods	Appraisals and training plans in place	2	4	8
17	<b>Fraud</b>	Opportunity for theft from parks, stray dog fees etc leading to loss of income, reputational damage, disciplinary procedures	Controls through Civica, limiting opportunities for cash handling, training, audit control procedures	1	4	4

Project Register  
**Project Register**

Appendix A  
**Timeline**

Ref No	Sub Ref	Project Name	Owner	Comments/progress	2016	2017	2018	2019
<b>1</b>		<b>Integration of services</b>						
	<b>1.1</b>	Rose Lane Car Park - Cleaning	DF	Car Park opening in March 2017. Cleaning contract to mirror other car parks (St Giles/ St Andrews) £50Kpa	March			
<b>2</b>		<b>Review work programmes to achieve service standards and performance outputs</b>						
	<b>2.1</b>	Grass cutting programme	MA					
	<b>2.2</b>	Shrub bed programme	MA	Change target to 80%. Review resources to enable to exceed historical 70%				
	<b>2.3</b>	Street cleansing programme	MA					
	<b>2.4</b>	Tree works programme	GM					
	<b>2.5</b>	Building cleansing programmes	DF					
	<b>2.6</b>	Litter bin programme	MA					
<b>3</b>		<b>Staffing</b>						
	<b>3.1</b>	Raising skill levels	NH/AP	Staff training matrix to be agreed. Identified needs - Tractor, HGV, Asbestos, digger, IT, Stem injection. Team Leaders tasked with finding suitable candidates.				
	<b>3.2</b>	Workforce planning and development	NH	Right first time, flexibility to make best use of resources, improve morale/ relationship. Development of NNE values/ vision to support NCC Pace values. Establishment review needed to precede this.				

	3.3	Appraisals	NH/ Managers	Appraisals for managers, job chats for supervisors, operational staff Completed, ongoing development, job chats to be rolled out	Apr			
	3.4	Training plan	AP/NH	Development and updating of training matrix linked with job chats and submission of training plan in November	Nov			
	3.5	Developing apprenticeships	GM	Review progress of existing apprentice. Develop apprenticeship for workshop/ succession planning.				
	3.6	Retention of Investors in People	NH/AP			Due 2017		
	3.7	Employee records review / Data cleanse	AP					
4		<b>Initiate quality audit procedures</b>						
	4.1	ISO accreditation	AP	Ongoing Internal and external audits				
5		<b>Customer focus and neighbourhood working</b>						
	5.1	Customer satisfaction surveys across all services	AP/DF					
	5.2	Review service standards and link to neighbourhoods	NH/GM/ MA/ TL					
	5.3	Working with Norwich City Council to retain Green Flag status for Eaton Park	MA	Dedicated judging date due to park condition during mystery shopper judging				
	5.4	Norwich in Bloom	MA/LC	Aim for Gold				
6		<b>Environmental improvements</b>						
	6.1	Issues arising from annual carbon footprint return	AP/BS					
	6.2	Reduction in energy usage	AP					
	6.3	Environmental Strategy	AP	Environmental Management System to follow after Quality Audit				

<b>7</b>		<b>Equalities and Safe Guarding action plan</b>						
	<b>7.1</b>	Promote Equalities		Ongoing awareness training and positive discrimination in recruitment				
	<b>7.2</b>	Maintain Safe Guarding Plan		Ongoing awareness training				
<b>8</b>		<b>Routine work and projects</b>						
	<b>8.1</b>	Review of Management information	All	Reduce duplication, challenge usefulness of management information provided to City Council with a view to improving efficiency. Move to outcome/ results reporting rather than input.				
	<b>8.2</b>	Review of Tech Ops	MW	Review of how non-specialist jobs are covered with view to growing income generated from specialist private jobs.				
	<b>8.3</b>	Service Monitoring software	GM/NH/ AP/ MW	Introduce Play software. Review how new NCC handhelds can link with our operations. Investigate scope of using eforms on handhelds to reduce paperwork administration				
<b>9</b>		<b>Health and safety</b>						
	<b>9.1</b>	Maintain, update risk assessments & safe systems of work	GM	As required				
	<b>9.2</b>	Improve H&S ethos	GM	Review how message is delivered through TBT etc				
<b>10</b>		<b>Asset Management</b>						
	<b>10.1</b>	Vehicles	MW					
	<b>10.2</b>	Plant	MA					
	<b>10.3</b>	Process	NH	Financial appraisal of capital purchases; compare cost of purchase through Norse and City Council				

<b>11</b>		<b>Depots</b>						
	<b>11.1</b>	Sub-depot investment programme (Eaton Park)	MA	Plans received from NCC for Eaton Park only (this does not include Mousehold, Heigham or Waterloo yet), awaiting update on cost of project matching funding. Dependent on NCC budget being agreed in Feb 2015. MA/Mike Parker have met to review plans for Eaton Park	Apr			
	<b>11.2</b>	Future of Mile Cross Depot	GM	Detailed plan of usage and impact of closure/ change of use. Transfer Station, Impact on fuel consumption and operational time	Jan			
<b>12</b>		<b>New Business Growth</b>						
	<b>12.1</b>	Business Plan for growth	NH	Implement Plan				
	<b>12.2</b>	Creating Capacity for business growth	All	Putting ourselves in the best place for bidding for contracts				
	<b>12.3</b>	Business Marketing	NH	Proactive marketing to target business growth areas. Officers.				
<b>13</b>		<b>Financial Future</b>						
	<b>13.1</b>	Living wage	NH	Review effect of April 2016 uplift and future uplifts on degradation of differential				
	<b>13.2</b>	Income opportunities	NH/GJa	Working with NCC BDO to maximise promotion of council Services eg sports marketing				
	<b>13.3</b>	Proving value for money	NH	Demonstrating JV option is best value. Highlighting added value/ partnership working. JV review document				
	<b>13.4</b>	Review of Service Provision	NH	Ensuring best value, maximising effectiveness to assist maintenance of services				

## Balance Scorecard

## Appendix 2

Internal Business Perspective Performance measure	Reporting Officer	Feb-16	Target	Data Frequency
Review of Vehicle Accidents	NH	(1) 4	Reduce Vehicle accidents from previous year <i>(previous year) current</i>	Monthly
Review Physical Accidents	NH	(2) 3	Reduce accidents from previous year <i>(previous year) current</i>	Monthly
"O " Licence	NH	"O" Licence Green	Ensure compliance (Green)	Monthly
Ensure Risk Assessments relevant and up to date	NH	51	Review annually or for new procedures	Annually
Financial Perspective Performance measure	Reporting Officer		Target	Data Frequency
Achieve annual profit level of £200,170	NH	£228,231.00	£200,170	Monthly
Achieve annual Income of £6,826,732	NH	£6,655,057.00	£6,826,732	Monthly
Achieve annual additional sales of £583,330	NH	£631,662.00	£583,330	Monthly
Learning and Growth Perspective Performance measure	Reporting Officer		Target	Data Frequency
Ensure all staff receive basic skills training within 7 days	NH	100%	100%	Monthly
Contain Sickness Levels	NH	3.40%	3%	Monthly
Customer Perspective Performance measure	Reporting Officer		Target	Data Frequency
Increase Customer Satisfaction of Norwich Norse facilities	NH	93%	80%	Monthly
Increase % of sharps removed within service standards	NH	96% Total number removed 25 within service standard 24	95%	Monthly
Increase % of non-hazardous fly tipping jobs as requested by NCC removed within service standards	NH	98% Total number removed 498 within service standard 490	95%	Monthly
Increase % of proactive fly tipping jobs carried out	NH	93 (583) 15.95%	For information Pro-active fly tipping jobs completed / (Total fly tipping jobs completed) / % of Pro-active fly tipping jobs completed	Monthly
Increase % of non-offensive graffiti removed within service standards	NH	100% Total number removed 13 removed within service standard 13	95%	Monthly

Increase % of offensive graffiti removed within service standards	NH	80% Total number removed 5 removed within service standard 4	100%	Monthly
Increase % of dog fouling removed within service standards	NH	95% Total number removed 81 removed within service standard 77	94%	Monthly
Street Cleansing inspections NI195	NH	6.0%	Less than 5% of streets found to be dirty	Annually
% of streets at, or returned to Grade A at time of visit.	NH	95%	90%	Monthly
% of Grass Cutting programme completed - Target 90%	NH	N/A	90%	Monthly
% of Winter Shrub bed programme completed - Target 100% or 251299m <sup>2</sup>	NH	62%	100%	Monthly
% of Play Area inspections completed	NH	100%	100% Inspections be carried out	Monthly
% Cleaning visits achieved on schedule	NH	100%	95%	Monthly
% of Norwich Norse cleaning monitoring completed	NH	88%	90%	Monthly
Increase Tree % of work requests completed within target dates	NH	N/A	90%	Monthly
Complete % of Priority 1 work requests within target dates	NH	100%	100%	Monthly
Complete % of Priority 2 work requests within target dates	NH	100%	100%	Monthly
Complete % of Priority 3 work requests within target dates	NH	100%	100%	Monthly
Complete % of Priority 4 work requests within target dates	NH	80%	90%	Monthly





**NORWICH**  
City Council

## NORWICH NORSE (BUILDING) LTD

### BUSINESS PLAN

2016-17

#### INTRODUCTION

Norwich Norse (Building) Ltd was formed on 1<sup>st</sup> April 2014 as a joint venture between Norwich City Council and Norse Group Ltd to provide a range of building services on behalf of Norwich City Council. These include housing and non-housing responsive maintenance, void maintenance and upgrades, disabled adaptations, planned improvements and other associated works.

This joint venture is part of a wider group of companies including NPS Norwich Ltd and builds on the experience gained from other local authority joint ventures around the country with Norse Group Ltd.

This business plan sets out joint objectives of both Norwich City Council and Norwich Norse (Building) Ltd and how the joint venture will contribute to those objectives.

It will also cover action plans, performance measures and financial forecasts for the period April 2016 to end March 2017. It will also identify how the joint venture will contribute to Norwich City Council's target of 25% savings.

This joint venture is currently operating on payment mechanisms carried forward from two primary contracts won in tender which were novated into the joint venture on 1<sup>st</sup> April 2014.

It has previously been agreed that both payment mechanisms will be changed to simpler systems by October 2016 based on a cost plus open book mechanism designed to identify waste and duplication and adhere to savings in line with Norwich City's financial objectives in years 16/17, 17/18, 18/19 and 19/20.

This particular joint venture between Norwich City Council and Norse Commercial Services Ltd operates through the joint venture company Norwich Norse Building Limited. The purpose of this company is to successfully deliver the response maintenance and void repair work on the housing stock owned by Norwich City Council. The company also undertakes other repair and adaption works to the housing stock including larger voids called Whole House Improvements and Disabled Adaptions.

In addition, via a second contract which was novated into the joint venture company, it also undertakes responsive repair and planned maintenance works to public buildings and corporate and retail properties owned by Norwich City Council.

The joint venture company has the ability to undertake works for other clients in both the private and public sector up to the values limited within the guidelines for setting up public sector companies. The ethos and values of the joint venture company are aligned between Norwich City Council and the Norse group. These are primarily to offer a commercial cost effect high quality service aligned with the ethos of the local authority/ public sector Company within caring for the needs of tenants, leaseholders and users of both the housing stock and the properties owned by the City Council.

### **Strategic Objectives**

- Ensuring the payments mechanism is more efficient and effective.

The payment mechanisms of both the Housing and Non-Housing contracts are complicated and cumbersome and there are efficiency savings to be made by streamlining these processes.

It has therefore previously been agreed that both payment mechanisms would be changed to incorporate simpler methods of payment for work undertaken.

It is thought this can be best achieved using a fixed overhead and an open-book mechanism designed to identify waste and duplication and is more in line with Norwich City Council's financial objectives making savings during the period 2016-2020. Subject to Board approval, it is considered this new payment mechanism would be introduced by December 2016.

- **Promoting cultural changes to improve productivity and partnership working**

The three main players within the operational joint venture are Norwich City Council, Norse Commercial Services and Norfolk Property Services. Norwich City Council needs to save 25% on its budgets and a change of culture is required by all parties to understand the need to drive forward efficiencies to achieve these targets of budget savings. This will be delivered via a closer working relationship between all three organisations and a common purpose to drive efficiencies in. The work on promoting cultural change needs to start as soon as possible if Norwich Norse Building Ltd has any chance of achieving the savings required in the current financial year 2016/17.

- **The need for new premises for Norwich Norse Building Ltd**

The contract to deliver responsive repairs and voids work on the social housing stock of Norwich City was originally intended to utilise joint accommodation and offices to be shared by both Norse and Norwich City technical staff. Following award of the contract however, this did not transpire and the Norwich Norse joint venture currently operates from portable buildings within the yard and curtilage of Travis Perkins building material suppliers. The site itself is not suitable for the current operations with over-cramped offices and the inability to segregate waste and take the best advantage of alternative suppliers' competitive prices.

A search has taken place for new premises that would be suitable both for the existing operation and possible future expansion but these are not currently available within the northern area of the City which would be the location that is the most efficient to operate the maintenance business.

The current premises are stifling opportunities of expansion and those of efficiencies and new premises need to be identified and/or developed by the third quarter 2017 at the latest.

- **Potential areas to grow the business**

Up until now, the joint venture has concentrated on delivering the response maintenance, voids maintenance and public buildings maintenance work for the City. The budget savings which need to be achieved can be obtained by both efficiencies and the introduction of additional business. This could be in the form of developing new relationships with a number of potential client groups including social housing providers, private sector landlords and other public sector bodies, such as the health trusts and other government departments who may have property in the City. There is also the potential of insurance repair work with Norwich hosting one of the largest companies involved in this type of work in Aviva.

This new work can sometimes take up to two years to bring to fruition and a new business development plan should be developed by October 2016 to identify where and how this new business might be obtained.

The company will operate in the manner of a partnership through the business plan agreed by the Norwich Norse (Building) Ltd Board which comprises:

Chairman	Peter Hawes	Managing Director Norse Commercial Services Ltd
Director	Gail Harris	Portfolio holder for Housing Norwich City Council
Director	Clive Whittaker	Commercial Director Norse Commercial Services Ltd
Director	David Moorcroft	Executive head of regeneration and development
Director	Kevin Wright	Operations Director Norwich Norse (Building) Ltd

### **City Council objectives**

To realise its vision, the council has adopted five corporate priorities, which represent the key issues aims to focus on achieving for the city and its residents. These priorities are:

- 1. To make Norwich a safe and clean city**
- 2. To make Norwich a prosperous city**
- 3. To make Norwich a city with decent housing for all**
- 4. To make Norwich a city of character and culture**
- 5. To provide value for money services**

Norwich City Council identifies within its corporate plan a priority to make Norwich a “city with decent housing for all” and to provide “value for money services”. The council’s aim is to develop a community shaped service that supports this priority.

The council exists to serve its tenants, local people and to support the city. We want people to have a pride in their neighbourhoods and to have a strong voice to influence local service delivery. Three key aims have been developed to underpin the council’s priorities:

- To improve the council's housing stock
- To improve the letting of council homes
- To maximise council income through effective asset management, trading and collection activities.

Norwich Norse (Building) Ltd (the joint venture) will work in partnership with the whole community in order to facilitate customer satisfaction and ensure the delivery of set standards of service.

The key aims will be underpinned by the delivery of the following:

- Ensuring average void turnaround time for repairs, i.e. from keys to contractor to keys back to NCC is kept to an absolute minimum and within targets.
- Completing repairs right first time.
- Ensuring customers are completely satisfied with the service provided.
- Providing high performing services recognised by residents of and visitors to the city as being effective and efficient.
- Assisting in the delivery of key council strategies

### **Strengths and Challenges**

The joint venture has, overall, worked extremely well considering that the two contracts previously won in tender were novated into the joint venture and we are now attempting to operate these as a partnership.

The Norse teams already operating within a response maintenance arena have worked extremely well in using their knowledge and experience to ensure the contract runs smoothly in relation to undertaking work to tight time schedules and ensuring tenant satisfaction. They have also made efficiencies in the response maintenance and undertaking works to voids within and up to the Norwich City voids minimum standards. This has resulted in a current underspend in both the response maintenance housing contract and the void maintenance contract.

However, under the terms of the existing contract any savings in the expenditure on housing and voids maintenance is shared between Norse Commercial services and Norwich City on an interest percentage sliding scale in favour of the city. This is of course where the terms of the contract are in direct conflict within the agreement between Norwich City and Norse through the JV where profits and savings are shared on a 50/50 basis.

Even greater problems arise with any reduction in the expenditure within these two areas as the reduced expenditure figure becomes the base value for budget purposes the following year. This would result in losses to the joint venture and Norse, in particular, should the following year prove to be one where increased repairs activity is required in response maintenance and voids.

In relation to future development and Improvement and the need for change there are obviously issues with dropping contracts won in competition into a joint venture. It is therefore not surprising some staff involved still see the JV as a purely client contractor relationship where as others have moved to a much more collaborative working arrangement.

It has previously been agreed that the whole payment mechanism which is incredibly complicated, time consuming and soaks up the time of many members of staff on both sides needs to be changed to one that is more suited to a joint venture. There also needs to be a complete change of culture via education process highlighting the importance of benefits of joint team working with a total attitude of cooperation with the ultimate aim being to deliver service and efficiency to the city.

### **Operational Objectives**

Norwich Norse Building Limited and their board will work with other city officers and NPS Norwich Limited teams to develop short and medium term operational objectives in order for the JV to take advantage of their strengths in order to achieve their strategic objectives.

These operational objectives will be developed during 2016 in what is extremely likely to be a constantly changing picture of government legislation resulting in financial variations in the medium term future budget settlements.

### **Financial Objectives**

Savings on the building maintenance operation for both housing and public buildings can be contained in a number of ways providing they are politically acceptable.

These can include:

- Higher productivity using improved IT solutions.
- Savings via more efficient procurement of building materials
- More efficient procurement of temporary or agency staff
- Reduction in staff when work volumes drop off providing this is politically acceptable
- Better use of logistics and transport
- Move to a more efficient payment mechanism

The greatest area where efficiencies can be made is the time costly, cumbersome and outdated payment mechanism. A move to an open book with Fixed Overhead plus modern arrangements used in the systems thinking type approach would yield the greatest single efficiencies of all on this particular joint venture. Work will be undertaken on developing a cost and saving model using a revised payment mechanism.

By moving to a more efficient payment mechanism it is estimated that the reduction on site costs operations could amount to savings of between £300k and £500k per annum on operational costs. Other savings through the procurement of building materials associated with changes to the way work is ordered and planned could amount to a further £40 – £50k.

### **Delivering the objectives**

Within the Norwich Norse Limited Joint Venture the work that is undertaken is primarily repairs and maintenance to houses and commercial buildings. The joint venture has up until now concentrated on delivering and improving its services directly to Norwich City Council tenants and building users via good quality asset management linked with its sister company NPS.

Opportunities may be available to deliver additional volumes of work with third party clients. These would primarily be registered social landlords who have housing stock within the city of Norwich.

These are organisations such as Broadland Housing, Orbit Housing, Cotman Housing (now part of a larger group) and other large scale voluntary transfer Housing Association such as Circle Anglia and Flagship Housing. Consideration will need to be taken into account that all these RSLs currently have arrangements for undertaking their response and planned maintenance to housing stock and void stock.

Additionally the Norse Group via the Norse Building Division have recently tendered for and been put onto the select list of contractors for the Eastern Procurement Limited

Group. This group has a number of clients both RSLs and local authorities who are involved in housing maintenance and larger capital works such as kitchen and bathroom refurbishments. These RSLs are located throughout the counties of Norfolk, Suffolk and Cambridgeshire.

The Norwich Norse joint venture for housing maintenance is a tightly run model with very spare capacity. However, the model that we have always developed allows for some additional works to be undertaken within the existing operational overhead and in this case will be limited to around an additional £500,000 turnover per annum. It is expected that profit from additional turnover and sales on this amount could produce an additional £50-£60,000 of profit with this figure being even higher, depending on the type of work.

The biggest single factor in relation to the operation of the Norwich Norse Building Limited Joint Venture is the procurement of a new depot/offices/stores within Norwich City. Extensive research has been made over the last twelve months and a number of buildings/offices viewed.

At this moment in time NNB Ltd have been unable to find suitable premises to move into from their current Weston Road depot which stands within the larger accommodation of the Travis Perkins Group.

Details of how the joint venture will work to achieve Norwich City's financial savings targets have been outlined earlier in the Business Plan. However, one area of operation which may improve efficiency and deliver savings is to move to a Systems Thinking style operation utilising the efficient delivery of building materials and van stock that will allow operatives to undertake additional jobs per day.

The search for suitable premises that will allow offices and stores operation to be utilised will continue over the next six months.

### **Performance Issues**

There are a large number of performance measures already in place within the housing and building maintenance joint venture. These are measured via key performance indicators and have been allocated mainly by Norwich City Council but with some input from Norse.

These are reported on monthly at both the operational and strategic meetings and also to the quarterly board meetings and the liaison board meetings.

Our KPIs are reviewed thoroughly and the reasons for success and failure discussed in some depth along with measures identified to improve performance where there may be issues.

The content and type of KPIs are reviewed on a regular basis with any additional KPIs thought to be necessary introduced with a suitable targets.

## **Financial Forecasts**

A copy of the 2016/2017 budget is enclosed. Budgets are produced on an annual basis based on the known budget available for the following year.

NNB Ltd will work with NPS Norwich to review the years 2017/2020 to produce draft budget in relation to known cuts or increases in expenditure on housing maintenance and public buildings maintenance.

Within response maintenance some of the larger jobs such as disabled adaptations and whole house improvements the cash flow is managed by prompt accounting and submission of invoices following completions of the works.

However, this could be improved, some of the larger jobs taking 3 to 4 months from start to completion and some of the orders and works on the public sector buildings having annual orders. This means the work is undertaken from the start of the financial year in April at regular intervals throughout the year but the final invoice may not be prepared and submitted until period twelve. This and other idiosyncrasies are mainly due to the way the work is ordered.

It is envisaged that cash flow will improve once both contracts novated into the JV are moved to a simpler and more efficient payment mechanism.

Within other building maintenance JVs involving social housing work is paid for at cost on a monthly basis thereby reducing the normal issues linked with cash flow.



**Norwich Norse Building Ltd  
2016-2017**

	<b>Budget</b>
Total Income	£10,923,863
Total Materials	£1,992,598
Total Supplies & Services	£230,050
Total Labour inc. Agency	£3,994,229
Total Sub-contractors	£1,547,502
Total Transport	£758,073
Total Equipment	£116,070
Total Other direct	£23,990
Total Salaries inc. Agency	£1,147,078
Total Other indirect	£208,390
Total Central Overheads	£655,432
Profit/Loss	<hr/> £250,451 <hr/>

### Key Risks and Mitigating Action

Norwich Norse Building and NPS Norwich identified the largest significant risks to the business, these are discussed at the monthly strategic meetings and are just as appropriately.

During the year the two parties will consider all aspects of the operation which could be deemed to pose a risk and begin to log these on the risk register.

While this business plan is not able to address every single issue that may crop up in the future it seeks to act as a working document to identify those main areas which will need to be addressed during the 2016/2017 financial year.

It is envisaged that working with directors and officers of Norwich City and NPS Norwich that the business plan for Norwich Norse Building Limited will be continually developed and consistent in its approach to delivering first class building maintenance along with best value for money.

### Business Objectives

Norwich Norse (Building) Ltd has identified the following key objectives, actions and measures for the coming year:

Objective	Action	Measure
Work with the Council to achieve its objectives for the services.	Ensure reporting processes and systems are fully integrated and aligned, in place and fully operational by 01 October 2016	Reporting of KPI information is electronic, accurate and timely
Housing responsive & void repairs	Meet annual KPI performance standards	95% of responsive repairs allocated an appointment 96% of responsive repairs appointments kept 95% of responsive repairs completed at first visit 10 days Average end to end for all repairs 95% of customers satisfied with the quality of responsive repairs 95% of customers satisfied with the overall responsive repairs service

		10 days Average contractor void turnaround time
Non housing repairs & specified works	Move to new payment mechanism	By 1 <sup>st</sup> December 2016
Disabled adaptations	Monitor new KPI performance standards	95% Quality inspection – achieving standard 95% Actual completions measured against planned completions Quality inspections achieving standard
Operating environment	Reportable accidents  Office presence in Townshend House  Implement improved financial and performance monitoring systems and processes	Lower than previous year  Teams to be working together on a daily basis  Improved alignment with NCC systems resulting in more timely and accurate data transfer by 1 <sup>st</sup> October 2016
Finances	Operate within the programme of works for housing and non-housing provided annually by NPS  Manage the business within the annual budgets set and agreed by the joint venture  Manage costs  Manage profitability	Monitor Budget on a monthly basis and review quarterly at Open Book  Costs lower than budgeted  Achieve budgeted profit

	Business growth	Achieve £50k new business from external sources/clients By March 2017
	Ensure the timely provision of property specific information relating to the reconciliation and accrual of financial expenditure	Completion of the council's capital programme year end procedures as required by internal and external auditors