



SCRUTINY COMMITTEE

Thursday 13 September 2018

REPORT ON SUFFOLK COASTAL NORSE (SCR 07/18)

EXECUTIVE SUMMARY

1. This report includes a review of the Council's arrangements with Suffolk Coastal Norse (SCN) with reference in particular to financial issues, governance, risks in the event of service delivery failure and mitigation measures.
2. In terms of governance, the report explains how the arrangements with SCN are supervised. Given the significance of the contract with SCN in terms of the Council's expenditure, it is important for the Committee to be aware of how the relationship between SCN and this Council is regulated; that it is soundly supervised and that there is probity.
3. The report also considers how the arrangements with SCN give the Council value for money (VFM)
4. The report also provides an overview of the business continuity arrangements that are made for the services that Norse delivers.
5. The report also includes information on the Garden Waste Scheme, following its implementation in May 2018.

Is the report Open or Exempt?	Open
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Wards Affected:	All
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Cabinet Member:	Councillor Carol Poulter, Cabinet Member with responsibility for the Green Environment
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Supporting Officer:	Kerry Blair Head of Operations 01502 523007 kerry.blair@eastsoffolk.gov.uk
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1 INTRODUCTION

- 1.1 This report provides the Scrutiny Committee with an update on areas explored at previous meetings.
- 1.2 SCN is a key delivery partner of the Council, and the contract is the largest currently let by the Authority. The governance and performance of SCN is therefore of key importance to the Council both in terms of service delivery to residents, and the financial sustainability of the Authority's operational arrangements.
- 1.3 The SCN Joint Venture is managed through a Partnership Board, on which the Council has three permanent representatives – a Director, the Head of Operations and the Cabinet Member for the Green Environment; quarterly Board meetings review operational, financial and regulatory (e.g. BSI ratings) performance. In addition, a full time contract manager within SCDC has responsibility for the day to day running of the Norse contract from a client perspective.
- 1.4 For the purposes of this report, it is worth summarising the breadth of the services delivered by Norse on behalf of Suffolk Coastal DC.

2 SERVICES PROVIDED

- 2.1 The Services provided for SCDC are listed below. Please note that this is not a comprehensive list, but does highlight the main areas of activity undertaken by SC Norse.
- 2.2 **Facilities Management:**
- East Suffolk House FM Service Provision
 - Responsive and planned building repairs, maintenance and minor improvements to the Council's administrative and other public buildings, including public conveniences and shelters
 - Manage Decorative and Footway Lighting Maintenance
 - Car Park infrastructure and Pay & Display machine planned and responsive maintenance.
 - Graffiti removal
 - Playground equipment inspection, repairs and maintenance
 - Installation and repairs to litter and dog waste bins, and other Streetscene furniture and signage
 - Legionella preventative maintenance regime across all District Council buildings
 - Manage the implementation of the Council's Capital Programme for Property
 - Out of hours emergency standby response
- 2.3 **Building Cleaning:**
- Internal cleaning of public conveniences, administrative buildings and offices
 - Cleansing of shelters in sea front and garden areas
 - Cleansing of SCDC owned bus shelters
- 2.4 **Street Cleansing:**
- Scheduled and responsive sweeping
 - Litter and dog waste bin emptying
 - Scheduled and responsive litter clearance
 - Clearance of fly-tipping from public owned land
 - Twice per year monitoring for standards of cleanliness (litter and detritus), graffiti and fly-posting against national photographic benchmarks

- Enforcement action under EPA 1990 – littering, fly tipping and under SCDC Public Space Protection Orders (introduced January 2018) – Dog fouling, Dogs on Leads (Landguard Nature Reserve), Dogs on Beach (Aldeburgh), Dogs Banned from all SCDC Play Areas
- Litter recycling initiatives

2.5 **Grounds Maintenance:**

- Strategic development and operational service delivery for:
 - Prestige gardens, parks and amenity areas
 - Highway verges and Public Open Spaces
 - Cemeteries and Closed Churchyards;
 - Playing fields and sports grounds, including preparation and clear-down for sports pitches
 - SCC Highways and Street Trees inspection and maintenance,
 - SCDC Countryside Management and Public Open Space trees inspection and maintenance.

2.6 **Car Parking:**

- Enforcement of the Council's Off-Street Parking Order and cash collection from Pay & Display Machines (ECN & Pay & Display machine income retained by SCDC)

2.7 **Waste Management:**

- Abandoned Vehicle investigation and removal
- Pest Control on designated SCDC public land
- Refuse, recyclable and compostable waste collection services for domestic and business premises
- Clinical waste collections
- Hazardous waste and bulky household waste collections
- Recycling bring sites provision and servicing

2.8 **Customer and Support Services:**

- Dedicated customer support team dealing with all customer information and service provision enquiries received by telephone, email or personal visit
- Manage Concerto web-enabled Help-desk (as part of Suffolk Fire & Rescue FM Contract)
- Provide customer satisfaction and service improvement monitoring and reporting
- Provide service throughput and operational performance statistics
- Maintain service delivery schedules
- Purchase orders and invoices processing
- Management and Administration support
- Quality, Environmental and Occupational Health & Safety Management Systems maintenance and support

3 GOVERNANCE AND CONTRACT MANAGEMENT

THE PARTNERSHIP LIAISON BOARD (PLB)

- 3.1 The PLB meets quarterly and is chaired by the Leader of the Council. It receives reports on the operation of the contract, monitors and reviews the contract and makes recommendations about its administration. It also monitors and reviews the achievement of agreed priorities for the services, the performance scorecard (which RAG rates aspects of the service)
- 3.2 The role of the PLB is to receive reports on the performance of the services, to monitor and review the performance of the services, to make recommendations on the delivery of the services and to monitor the achievement of the services against SCDC's corporate priorities. The PLB also maintains a risk register that is regularly reviewed. It also sets and monitors the budgets for all service areas, fitting in with SCDC's annual budget setting process.
- 3.3 The PLB has had oversight of any services which have been passed by SCDC to SCN, for example: the introduction and roll out of the green waste service, the taking on by SCN of a booking service for sports grounds; the administration of cemeteries; car parks administration; the inclusion of property services and facilities management at East Suffolk House.
- 3.4 SCN has worked collaboratively with SCDC to enable the introduction of a chargeable green waste collection service from May 2018. Review of Environmental Management Standard (EMS), Quality Management Standard (QMS) and Health and Safety Management (HSM) have also been reported to the PLB.
- 3.5 The PLB receives reports about SCN's registration to the respective ISO standards - EMS to ISO 14001, QMS to ISO 9001, HSM to OHAS 18001. For HSM, guidance is also provided by the Health and Safety Executive report on managing health and safety for waste & recycling.
- 3.6 In addition, the partnership board discusses new business opportunities and new business performance. Much of the growth in partnership income in the past 12 months has come from SCN successfully tendering for new work and passing on the benefit to the partnership.

ROLE OF THE CABINET MEMBER

- 3.7 The role of the Cabinet Member for the Green Environment is to be responsible, generally, for oversight of the services provided to SCDC by SCN; to attend meetings of the PLB; to be a Director of SCN; and to respond to questions about the service arrangements in Cabinet or Council meetings. The Cabinet Member receives a bi-monthly briefing from SCN which is also attended by relevant officers, as appropriate. Generally, an open relationship is encouraged at these meeting, between the parties, regarding service matters.

ROLE OF THE SERVICE LIAISON OFFICER

- 3.8 The Service Liaison Officer is Kerry Blair, Head of Operations. His role is to liaise between SCN and SCDC on all matters relating to the contract. He is the main point of contact for

the partnership and deals with all matters of contract management including performance.

- 3.9 In addition to the PLB, there are monthly operational meetings between SCN and SCDC. The Head of Operations or the Commercial Contract Manager is the chairman of the CMT which meets on a monthly basis. CMT comprises of senior officers of SCN and other representatives from SCDC/SCN as may be required to attend from time to time.
- 3.10 The role of CMT is:
- a) To be the regulatory mechanism for the partnership
 - b) To ensure that good governance and financial arrangements and practices are in place for the Council and SCN.
 - c) To ensure that the work of the CMT contributes to the delivery of the strategic objectives and priorities of the Council and SCN and that the views and concerns of the team members are fed to the PLB and its decision making process
 - d) To provide quarterly reports to the PLB on the performance of the services, including a financial report, report on the service scorecard and on the risk register
 - e) To work together to solve any issues arising and to seek to develop the services whilst meeting the needs of stakeholders and customers

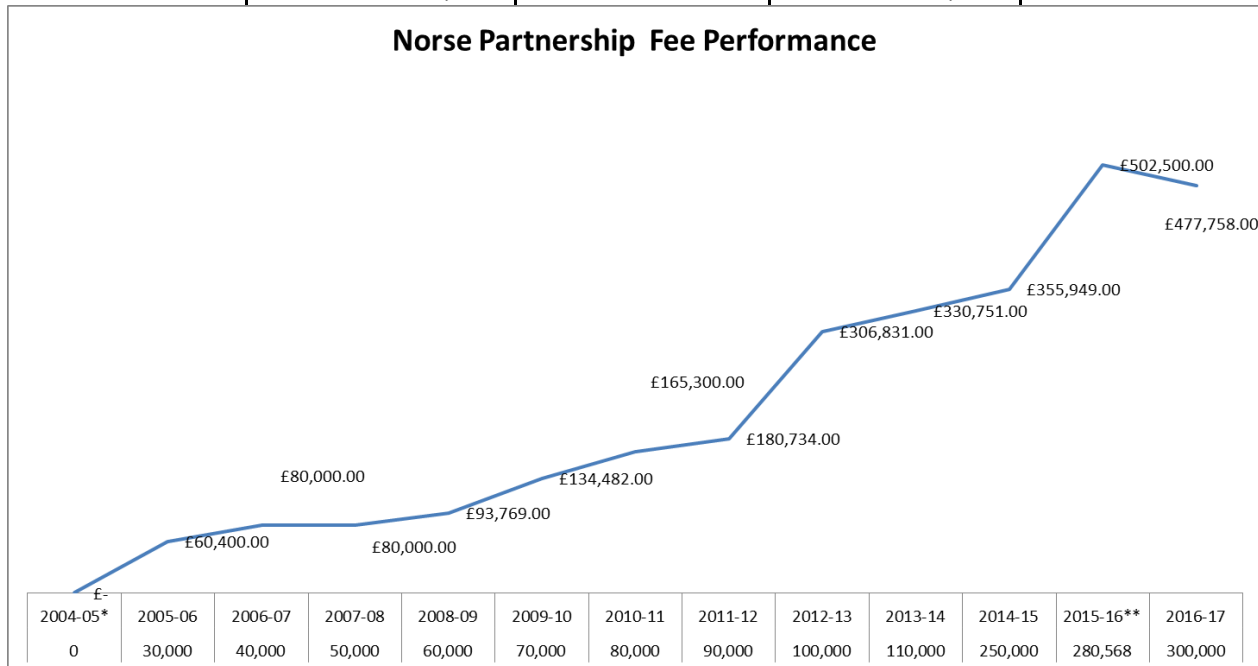
ROLE OF INTERNAL AUDIT

- 3.11 The contract provides that SCN shall co-operate fully and in a timely manner with any reasonable request from time to time from any SCDC auditor, whether internal or external, to provide documents relating to the services, and to give a written or oral explanation of them.
- 3.12 Outside of the regular function of internal audit, SCN has on occasion requested specific audits of areas where it has required an independent view of its processes and safeguards in the provision of its services to SCDC; the processes surrounding the administration of car parks being an example.

FINANCIAL ISSUES, PERFORMANCE AND VALUE FOR MONEY

- 3.13 SCN operates as a separate company and SCDC receives a copy of its annual audited accounts. The arrangements with SCN are such that the budget is set annually, as part of the Council's own budget setting process. SCN, in partnership with SCDC, submit an annual Medium Term Financial Plan that considers areas of growth, inflationary pressures, potential budget savings and a forecast rebate. Members consider those options alongside the Council's other service areas and determine the service provision and budget for that year.
- 3.14 As a consequence of the Council requiring SCN to reduce budgets, SCDC is contractually obliged to compensate SCN for any unavoidable costs.
- 3.15 SCDC receives a rebate from SCN. This is sometimes referred to as the 'partnership fee'. This represents a 50% share of the profits arising from work undertaken by SCN for third parties such as facilities management, cleaning and grounds maintenance. These anticipated profits are estimated as part of the budget setting process and monitored via the PLB. The table below sets out the rebates paid thus far.

Partnership Business Plan: Profit Share Forecast £	Financial Year	Actual Annual Retrospective Discount £
0	2004-05*	0
30,000	2005-06	60,400
40,000	2006-07	80,000
50,000	2007-08	80,000
60,000	2008-09	93,769



3.16 A monthly payment schedule is submitted by SCN as part of the governance process and this is agreed on a monthly basis by the Head of Operations. The PLB receives quarterly performance reports on the basket of services within the contract. The report tracks both financial and operational performance including progress on agreed projects, health and safety and a review / update of the risk register.

WASTE COLLECTION AND RECYCLING PERFORMANCE:

3.17 Overall SCDC is budgeted to pay SCN £8,309,428 for 2018/19. At £4,658,015 or 46% of the total, waste collection and recycling is the largest element of the services SCDC receives from SCN. Comparative results for this service are excellent and evidence the VFM which SCDC receives from the arrangements with SCN.

- a) SCDC is a member of SPARSE, a group of local authorities which due to their rural nature and comparative overall low density of population / households per square metre, face particular challenges in providing cost effectiveness in the provision of various frontline services.
- b) For 2016/2017, SCDC had a recycling rate of 57.38%. This is an excellent recycling rate, particularly when compared to those of other local authorities, as national, comparative information, below, shows. SCDC has consistently been the highest performing Waste Collection Authority (WCA) in Suffolk since 2010/11. In 2016/17 SCDC was;

- Ranked 1st out of Suffolk's 6 Waste Collection Authorities (WCA's)
 - Ranked 28th out of 350 WCA's Nationally
- c) SPARSE provided comparative performance information for SCDC based on this recycling rate which for 2016/17 was;
- 1st out of the other 7 Suffolk authorities
 - 2nd out of 16 in its "family" authorities
 - 3rd out of 33 for all rural-80 authorities (districts with at least 80 per cent of their population in rural settlements and larger market towns)
 - 20th out of 190, for all local authority Districts

3.18 SCN continues to monitor SCDC's recycling performance. For 2018-19, Quarter 1, the diversion of domestic waste for recycling / composting reached 52.9%. The annual target is 48.9% and is expected to be achieved by the end March 2019.

3.19 **Green Waste:** Norse has been working with SCDC to roll out the new, paid, Green Waste service. This project has been delivered to tight timescales, and this has led to some operational problems, in particular an increased number of missed bins. These issues are being addressed through the Partnership Board.

3.20 Overall figures for the performance of the service to date are that 32, 600 subscriptions have been sold (or 33,100 bins). This equates to approx. £1.3m of income, and a sign up rate of 56% of households. This makes the SCDC scheme the most successful in terms of both income and take up across Suffolk and in the top 10% of schemes nationally.

VALUE FOR MONEY: PROCUREMENT

3.21 In relation to other aspects of the services which SCDC receives from SCN, its ability to procure on a larger scale gives rise to economies of scale and therefore value for money for SCDC. SCN can use Norse Commercial Services (NCS) to procure, which in turn uses its collective mass to negotiate improved contract and commercial services for all its divisions and joint ventures. Contracts and expenditure are continually assessed wherever possible by the NCS Procurement Team.

3.22 NCS works with Eastern Shires Purchasing Organisation (ESPO) - a purchasing consortium of various public authorities. It has used framework agreements on behalf of NCS for personal protective equipment (PPE), building cleaning materials, building maintenance materials, agency staff, stationery, refuse collection vehicles (RCVs) and fuel. The benefits of using ESPO are as follows;

- a) ensuring compliance with EU Public Procurement Legislation and Regulations
- b) reducing the direct administrative burden for NCS and SCN in managing the tendering process
- c) supporting the management of business continuity by NCS and SCN through appropriately constructed framework agreements which maintain ongoing access to and provision of business critical supplies and service
- d) benchmarking supplies and unit rates

3.23 As a consequence of the NCS group purchasing power, typically, SCN achieves an extra 5% discount on refuse freighter purchase prices than others in the UK market and an

extra 10% discount on parts trade price for all refuse freighter vehicle parts, together with more comprehensive warranties.

- 3.24 NCS tends to use The Procurement Partnership Limited (TPPL), the leading providers of vehicle procurement services in respect to UK Local authorities, Housing associations, Fire authorities, Universities, Schools and Leisure trusts. TPPL allows NCS to access a range of OJEU tendered frameworks that cover most vehicle types for public sector requirements.
- 3.25 In addition to discounted vehicle purchase and maintenance, SCN is also able to secure diesel at 3p to 4p litre below commercial pump prices as a consequence of its bulk purchasing capability, and its ability to use the on-site bunkering facility at Ufford Depot.

VALUE FOR MONEY: SERVICE ALIGNMENT

- 3.26 VFM can also be demonstrated by virtue of the fact that since 2004, a number of back office services have been transferred by SCDC to SCN. Although relatively small services in terms of staffing and costs, through economies of scale, SCN has been able to consolidate them into its overall arrangements without making any additional charge to SCDC. SCDC has benefited by then having some additional capacity. Moreover, by passing these services to SCN, its combined Customer Services and Administration team can be assured of sufficient work to maintain its resilience and continuity of service provision. It has the added benefit that all customer service enquiries can be received and dealt with centrally, including:
- a) Cemeteries and Burials Administration;
 - b) Sports Pitch Bookings;
 - c) Car Parks ECN Administration Support; and
 - d) Car Parks ECN Legal Support.
 - e) Countryside Management Services
- 3.27 Set out below are a small number of examples that evidence VFM within SCN's own arrangements that have in turn provided further savings and other benefits to SCDC:
- a) A further £300,000 of efficiency savings to be realised in the lead up to merger as a result of aligning back office arrangements.
 - b) The alignment of services delivered through the SCDC/SCN and WDC/WN arrangements giving rise to savings from improved economies of scale of £65K per annum from 2012/13
 - c) The introduction in 2014 of 4 day working for refuse rounds gave total savings of £300K from 2015/16;
 - d) Restructure of FM and Strategic Waste Teams in 2017 resulting in annual £28K saving from 2018/19
 - e) Financial and operational supported the incentivised community litter picking scheme since 2016
 - f) Reintroduced start of season service surveys/"walkabouts" with Resort Towns local representatives from 2016
 - g) Enhanced and subsidised event support to Town and Parish Councils and support for major events such as the Women's Tour cycling event.

VALUE FOR MONEY: TECHNOLOGY

- 3.28 SCN are continuing to investment in technology to improve service levels, their current programme for 2018/19 includes continued investment in the following;
- a) SCN have introduced the Bartec Collective in-cab technology and back office system to its refuse vehicles. This provides real time and historical GPS positioning with route and workflow progress monitoring. Easy to use in-cab screens and spoken alerts help ensure crews do not miss subscribed or assisted collections and provide important safety information and traffic instructions.
 - b) Managers and supervisors are now using the Forms 2 Mobile apps and back office system to carry out and record the results of site condition and other service inspections. Results and site photographs are recorded electronically and uploaded automatically onto the back office system. The system is configured to produce a multitude of reports and other management information, essential for performance monitoring against KPI's and service standards.
 - c) SCN have invested in the ISL Routesmart route optimisation and management system. This system has been introduced to further improve the efficiency and productivity of the refuse and street cleansing rounds and exploit the opportunities for greater "cross-border" efficiencies with Waveney Norse, as a result of the formation of the new East Suffolk District Council.
 - d) SCN are investing in 'Chipside' – a technology platform that will increase the efficiency of car parking operations. This will deliver financial benefits to SCDC for both the current parking operation, and during the implementation of CPE in 2019/20

4 BUSINESS CONTINUITY ARRANGEMENTS

- 4.1 Business Continuity Management is coordinated across the Norse Group through their Risk and Resilience Manager. Using the company's standard template, a Business Continuity Plan has been produced for each service area for use during any interruption in Business Continuity. The Plans utilise a Gold, Silver and Bronze Command structure.
- 4.2 The SCN Operations Managers have received BCP training and then completed their Service BCP, with detailed information relating to staff, scenarios, options, and useful contact telephone numbers.
- 4.3 SCN has a Response and Recovery Plan with appendices covering:-
- a) Building Cleaning
 - b) Car Parks
 - c) CCTV
 - d) Customer Services
 - e) Facilities Management
 - f) Grounds
 - g) Home Alarms
 - h) Refuse & Streets

- 4.4 In the event of an incident that means SCN are unable to operate from the Ufford Park Offices and Depot there are local options for establishing operational bases. These are with Suffolk Norse at Phoenix House Ipswich and at Great Blakenham, Waveney Norse at Rotterdam Road Lowestoft and the base SCN use on the Port of Felixstowe for the delivery of their Waste Management and Grounds Maintenance contract.
- 4.5 SCN has the regional support of the Norse Group operating across East Anglia and which has its head office in Norwich.

5 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

- 5.1 SCN delivers the largest proportion of ‘front line’ services that the council is responsible for. The organisation is ‘the face’ of SCDC for most residents. Therefore its delivery underpins the whole of the East Suffolk Business plan – these are the high quality public services referred to in the document.
- 5.2 In particular, ensuring that services are delivered to an acceptable level in towns and parishes is of key importance to the authority – it is the baseline against which the council is measured by residents.
- 5.3 In terms of achieving ‘Financial Sustainability’ – the contribution that the Norse contract makes to the annual budget is of increasing importance in a resource constrained environment. As the graph at 3.15 shows, the fee payable from Norse to SCDC has been increasing year on year. The fee is generated from the commercial contracts that Norse secures outside of the SCDC contract. This contribution is an increasingly important part of the SCDC budget.

6 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 6.1 There are no further points to add beyond those raised in section 3 of this report.

7 CONSULTATION

- 7.1 This report was prepared in consultation with Norse and the Cabinet Member for the Green Environment

8 REASON FOR RECOMMENDATION

2017/18 was broadly a successful year of delivery for SCN. Committee members are asked to consider the above points and accept the report.

RECOMMENDATION

1. That the Scrutiny Committee considers and comments upon the summary of performance against the Council’s 2017/18 contract with Suffolk Coastal Norse.
2. That the Scrutiny Committee accepts the report (SCR 07/18)

BACKGROUND PAPERS
None.