

Minutes



Performance Scrutiny Committee - Partnerships

Date: 3 November 2021

Time: 5.00 pm

Present: Councillors J Clarke (Chair), Hussain, M Linton, S Marshall, R Mogford, M Spencer and T Suller

In Attendance: Rhys Cornwall (Strategic Director – Transformation & Corporate Centre), Tracey Brooks (Head of Regeneration, Investment and Housing), Daniel Cooke (Property Manager), Lyndon Watkins (Managing Director of Newport Norse), Mark McSweeney (Director of Professional and Contract Services, Newport Norse) Geraint Willington (Director – Resources, Business and Governance, EAS), Ed Pryce – Assistant Director Policy and Strategy, EAS), Sarah Morgan (Head of Education), Neil Barnett (Scrutiny Adviser) Felicity Collins (Governance Officer) and Connor Hall (Scrutiny Adviser)

Apologies: Councillors K Whitehead

1 **Declarations of Interest**

None.

2 **Minutes of the previous meeting held on 6 October 2021**

The Members of the Committee **approved** of the minutes from the meeting held on 6 October 2021 as a true and accurate record of the meeting.

A Member of the Committee asked with page 13 with regard to the mention of the informal briefing with officers; to include the main focus of the briefing which was to focus on what they will be discussing with Newport Norse. The Scrutiny Adviser advised this would be amended.

3 **Norse Joint Venture Partnership**

Invitees:

- Tracey Brooks (Head of Regeneration, Investment and Housing)
- Lyndon Watkins (Managing Director – Newport Norse)
- Mark McSweeney (Director of Professional and Contract Services – Newport Norse)

The Head of Regeneration and Investment and Housing advised the Committee that the purpose of the report is to inform Scrutiny Committee of the performance of the Council partnership company Newport Norse Limited. Members were provided with the background of the partnership, where Newport City Council entered the 10 year joint venture agreement in July 2014. All of the professional services were transferred from Newport Property Services to Newport Norse to offer a total facilities management service. It provided an alternative to privately delivered outsourcing and met the Council's needs. It was pointed out

that all assets remain owned by council, it is just how they manage these assets, is done by joint venture.

The Managing Director and Director and Contract Services for Newport Norse gave an overview and breakdown of the benefits that Newport Norse Partnership offers the community through many means such as the economy and education services. They highlighted within the report how Norse ensure that the council optimises their assets and the work in successful bids with the Welsh Government. The Managing Director acknowledged the challenges. The Managing Director highlighted that the partnership has three years left to run and that they would like a longer term.

Members asked the following:

- A Member noted their appreciation for the comprehensive presentation and asked if there is anyway the Council can help Newport Norse more.

The Managing Director responded by stating that the relationship has always been good with the Council; in the earlier days of the partnership there was obviously levels of distrust but noted they have now formed good working relationships at senior and management levels. The Member appreciated that it is good that it is about working well together, not just the money made from the joint venture. The Managing Director acknowledged that they would not be the cheapest because they do the right job in a professional way and that their focus is on the partnership.

- A Member queried with regard to the £16 million turnover with 300 employees and worked out that is about 5,300 per employee. The Member asked how that compares to management companies as it appears low to them.

The Managing Director explained that the makeup of the turnover, is that some of the delivery of services such as cleaning with professional fees, there are joint ventures across the companies and the turnover is relatively high because they are one of the biggest joint ventures in scope of the services that they undertake. The Member then asked the Officer to confirm the turnover per employee. In response, the Managing Director highlighted that many of the employees range from cleaners to technical staff and stated that out of the 300 staff, there are around 150 of those that are cleaners. And a number of those will be part time and also have facilities assistance workers, technical and professional staff and administration support with the region of around 60-70 employees being office based.

- Can the Director break down the terms of the turnover; with regard to profit sharing, to explain where the money of £60 million comes from, for instance, how much from the council and other activities?

The Managing Director confirmed that the majority comes from the council. Within that, they differentiate between contracted work and money is guaranteed is around £6-7 million. With spending, they do not have a choice over this and about 46% of it is tendered or discretionary, with around a 5% income from non-Newport City Council clients. So in all, Members were advised that around 95% of the work is from Newport City Council and much of that is linked to Welsh Government funding.

- The Member then asked the Managing Director to clarify if the Welsh Government funding is to Newport Norse or to Newport City Council. And mentioned issues raised at St. Andrew's Primary School so queried if the Newport Norse could give any comments on how pro-active they are on the issues that have impacted the school and if other schools might experience such issues.

The Managing Director confirmed both. The Director asserted that type of issue is difficult to comment on in full detail within this type of forum. In general terms, the issue was local to St. Andrew's Primary School and would not be an issue that would be common with other schools; there were a particular set of circumstances relating to the school in question.

The Chair suggested to the Member that if they would like Newport Norse to go into more detail, that they can go directly to them about that individual school. The Managing Director confirmed that Deborah Weston is the client for that team who that query should be directed to as Norse will support her with that. This was noted by the Chair and Committee.

- A Member referred to page 21 of the report and thanked Newport Norse officers for addressing the negative conceptions around the organisation; and queried how big of a portfolio Newport Norse has across local schools in percentage and if that is a challenge. Then asked where Newport Norse sees itself moving forward.

The Managing Director clarified that Newport Norse works with all schools, they supply all of the statutory testing for all schools on behalf of Newport City Council. In terms of school discretionary spend, the Director confirmed they would have to come back to the Member on that for definite however it was stated that discretionary spending was 235% up this year with schools. In terms of the challenge with both schools and the council has been around funding. Sometimes schools lead to cutting corners to make savings on who they wish to use when Newport Norse are looking to protect the council by providing quality services.

In terms of moving forward, Norse set up a contact group with Deborah Weston with colleagues where primary schools are involved and secondary schools. They discuss issues that arise around education on an ongoing basis to know how Newport Norse can make those improvements. Newport Norse are rolling out Compliance 365 software and that there are building development plans in discussions with education which are constantly evolving. The Director for Contracts added that Norse provides a number of roles and act as the Landlords' agents in the case where the budget holders wish to undertake works, as they have to do is safely with contractors hired and employed. The work done in schools has to be done safely, such as working with asbestos. Therefore, the work has to be done properly and not cheaply.

- A Committee Member queried in terms of Newport Norse using themselves as a joint venture and asked the team what the benefits are in having joint ventures.

The Managing Director confirmed that they benchmark their rate, for instance with plumbers and carpenters against local rates and that they are around average and the same with the materials used. They noted that Norse provide a rebate on the profits made, which go back to the council; they would not get that from the private sector. An example was used where Norse priced up window replacement work for a school and they responded by saying they got the same work for half the price. The windows that Norse priced up were structural aluminium with the asbestos to be removed; whereas the contractor put in PVC which is not structurally sound and disturbed the asbestos. The Director for Contracts added that it has been an exceptional year for profit/rebate, they are putting together the statutory accounts for audit and council rebate is around £745,000.

- Members further asked with regard to the 50% received back to the council, if schools made payment for the works, would the 50% received on the council side go into a general pot or is it ring fenced for the school?

The Head of Regeneration Investment and Housing confirmed that it is put into the profit shares where £465,000 is built into the budget and the council expects that every year. Anything in excess of that would be above budget. To clarify with the Member, it stays within the Norse budget and forms part of the built budget to make a budget balance.

- Members queried about the council having aging buildings with some being Grade I & II listed buildings. In terms of estate stock, the Member asked where Newport Norse sees it in the future, as the assets age with time?

The Managing Director replied that the average age of a council building is 60 years which brings a number of challenges including the raising of standards when trying to be carbon net zero. Members were informed that Norse works closely with colleagues in the client side and with education to gain extra funding from Welsh Government. They mentioned the £2.6 million in the report and advised they were successful in trying to secure a greater share of the pot for Newport. Also advised they are looking to provide guidance to schools and rolling out a process for building development plans. Through feedback from schools; schools have not been sure what priorities they should be investing in so this is communicated to schools for improvement with the council.

- Members queried if schools have a full understanding of how to approach the bureaucracy of project planning to ensure it would be legal.

The Managing Director confirmed that there is a better understanding than there was before and that there are guidance documents available. Warren Teague manages that and they prefer schools to contact them first to explain what needs to be done. There is not a charge for that as the team are happy to engage with colleagues. The Director for Contract Services added that they ensure the landlord process is operating and ensure that the schools are operating safely with a level of control. It is also to protect the Council for liability.

- A Member appreciated the concise report and queried whether the difficulty on getting tenders returned, lack of labour and contractors not coming back is impacting the delivery of schemes. The Member went on to ask how this would impact the present time with projects with sub-contractors, on getting them to return for more projects.

The Managing Director confirmed that the pandemic impacted this and at the start of the pandemic, they were up to tender the John Frost project with just under £19 million worth of investment. It was confirmed they received five tenders back for that offer. In terms of contractual problems, they mentioned having others approaching council looking for claims. As part of Newport Norse's role as chartered surveyors; they must protect the council from such claims. The Director recognised that it is difficult to get contractors interested in acting for the public sector. For instance, they have had successful tenders but a few went into liquidation such as the Transporter Bridge project. As a result, the Newport Norse team are doing a lot more networking to get others interested in tendering for the council. The Director explained that this is something that the Leader questions Newport Norse on regularly with regard to impact.

The Director for Contracts went into details of how costs for materials have significantly increased over the past year. Mechanical and electrical subcontractors were mentioned as the biggest challenge but Norse has a good electrical team who work well with Newport City Council who have worked in-house to save money rather than to put it out there to private companies.

- A Member asked the Newport Norse representatives to confirm what local apprenticeships they have taken on and in what fields.

The Managing Director confirmed with direct labour they have now got 35 on the tools. They have brought in another 3 apprentices in the last few months as 5 others in carpentry and multi-trade apprentices have all gone into being full time craftsmen. 2 businesses apprentices have been brought in the office and 2 trainee quantity surveyors have been promoted. A student has just come into the valuation department.

- A Committee Member queried what the wage is that Newport Norse pay apprenticeships and in order to decrease the gender pay gap, asked the officers what the organisation is doing to increase women going into tooled apprenticeships and where they see that going in the future.

The Managing Director recognised that they have not done enough and it is one of the things they need to develop. At Llanwern High School Careers Fair; they found it hard to gain interest from the young women into the industry. Some still come in for work experience which takes them to develop into another route for instance one has come in from pensions but has gone into valuation and asset management. Many operate as mentors and ambassadors to give presentations in schools. The Director for Contracts acknowledged they have addressed the gender balance within the office but not with the direct labour force and that is something they intend to work on.

- A Committee Member expressed concern about the value of the wage that mature apprentices are on and asked if the terms and conditions are on the same basis as a council employee.

The Managing Director confirm that the pay the national living wage equivalent and agreed to follow that up and provide information on that.

- A Member queried with regard to the management structure if the senior management team meets often with the work force.

The Managing Director responded and confirmed they hold regular meetings but have not been able to hold one in twelve months. These used to be run in Lysaghts and they would do ceremonies such as nominating colleagues for customer service awards and they had a ceremony yesterday offering a voucher with a certificate to recognise success.

- A Member of the Committee asked in terms of tenders, as Newport Norse take on a lot of work, do they know when to draw the line. The Member felt necessary to express their local school's praise for Newport Norse.

The Managing Director confirmed that it is on a risk register in terms of growth to ensure they have the skills and capacity to deliver it. They are recruiting more staff constantly for services. The Director thanked the Member for the positive feedback.

- A Member stated that the feedback on the partnership itself can be from a negative perception. The Member queried the officers on what they think the main concerns are of this negativity and what they have done to rectify them.

The Managing Director informed the Committee that urban myths are hard to dispel. An example was with a cost where a school thought Norse charged them £1000 for one job. When it was broken down in accounts; they charged the school £1000 for a number of jobs accumulatively. They investigate price comparisons and use the contract group for that. It was acknowledged that they have not articulated the benchmarking and trade rates very well to prove they are within an average range. If a mistake arises, Newport Norse take ownership of this and are fully transparent with their partners on that. Newport Norse advised they were happy to attend forums to communicate better with others within the partnership who have negative feelings to help address them.

- The Committee Member asked what the main challenges are of working together in a partnership and asked Norse what their relationship is like with the Council.

The Managing Director confirmed there has been a culture change during the 7 years; first few years were challenging to those who did not embrace change. Behavioural change has been the biggest thing but they noted that insufficient resources for budgets have been an issue but they work together to make it stretch as far as they can. The Head of Regeneration agreed that it has been a journey where the partnership has matured and trust has been built.

- Member asked if there would be a dispute, how that would be resolved?

The Managing Director clarified there is a dispute resolution set out in the contract. The Director for Contracts confirmed the joint bench contract is collaborative with the council. Both officers confirmed the Council and the Chief Executive provide fair scrutiny for improvement.

- A Committee Member asked the Directors of Norse where they see themselves moving forward in the next two to three years and how would they ensure the Members benefit for the duration.

The Managing Director responded by making sure they deliver the huge pipeline of work for the Council. They confirmed that they are looking to generate further external income at some point but at their moment their resources are not deployed on trying to meet the needs. The focus is making sure they deliver larger projects alongside the cleaning for all local schools and short term projects.

- The Chair asked the Norse representatives to confirm when the C365 will be completed and if there has been a backlog of work due to the impact of Covid.

The Director for Contracts and Services confirmed that it will be rolled out within the next 6 months. The Managing Director added that there has been no backlog as their staff worked right through the pandemic; all risk assessments complied with and they have been successful in maintaining services. The only delays worth mentioning are the issues with contractors going into liquidation therefore making them restart the process.

The Chair and Committee thanked the Newport Norse team for their commitment and for their report and quick responses within the meeting.

Conclusions:

The Committee **noted** the briefing paper and presentation on the Newport Norse Joint Venture partnership and wished to make the following comments:

- The Committee were happy with the information that were presented to them wished to thank all the officers and staff throughout the partnership for all of their hard throughout the pandemic, and continued high quality of service. The Committee commented that it is great to see the passion, openness and transparency of the partnership. They were pleased to hear that the partnership are not afraid to admit when something goes wrong and will investigate to rectify any issues raised.
- Could the partnership provide more detail that was discussed during the meeting regarding the schools discretionary spend.
- Communication should improve about their benchmarking and how the partnership's trade rates and own costs are within an average range, as this would increase positive perception.
- The Committee were pleased to hear that Norse would attend School Governor meetings to have briefings.
- Members made comment about learning today that our buildings and assets are on average around 60 years of age. They queried what is the lifespan of the assets, as it was felt it was important as a part of what the committee are scrutinising is to know what it is the partners are maintaining for the Council. The Committee also queried if they could receive information of the portfolio, the condition of the assets and how many of the buildings need to be renewed to make them more energy efficient.
- Members were surprised to hear that Norse are behind large scale projects, such as the Transport Bridge. Members then asked if it would be possible to have more information about the size and scale of projects that Norse are heavily involved in, such as any case studies of the larger types of work they carry out.
- The Committee and Norse acknowledged the point of the negative media and wished to know why there is a negative conception against Norse. Discussions amongst the Committee suggested it was more of a worry when they came in as people were hesitant.
- Members request that the Norse Joint Venture Partnership return to the Committee annually to give updates on performance.
- The Committee suggested the idea of a few Members if interested to attend places with Norse to see what they do to protect the buildings.

4 Education Achievement Service (EAS) - Value for Money 2020-21

Invitees:

Geraint Willington - Director – Resources, Business and Governance, EAS

Ed Pryce - Assistant Director Policy and Strategy, EAS

Sarah Morgan - Head of Education, Newport City Council

The EAS Director presented a brief overview to the Committee and highlighted they key areas for consideration. The report to the Committee assessing the performance of the EAS

concluded that the EAS is providing good value for money in terms of those aspects that are within its control, notably: economy; efficiency; equity and; sustainability. However against the backdrop of a global pandemic; the approach has been rethought in vulnerable and disadvantaged wellbeing. The Director went through the report in detail for the Committee and highlighted that the focus is spending less and spending well, the external contender introduced equity of spending fairly and for the long term. They found effectiveness affects wellbeing and therefore assessed how the EAS mitigated the impact on those from poor backgrounds.

The officers covered the sustainability area of the report and went through the data on how to get a greater range of accountability about what was going on in schools rather than exam performance. As they did not have the exam grades due to the pandemic the team had to improvise their approach and also discussed the feedback from the schools on this. The officer noted it is about ensuring that the recommendations from the report have been implemented as part of the value for money and they continue to compare the outcomes outlined from the surveys.

The Committee asked the following:

- A Committee Member noted the a third of the staff numbers being reduced. With that, will they still see a resilient service and what the differences will be? For instance would that be putting more on the head-teachers on providing a service more so than before?

The Assistant Director covered the headteacher element by stating that the majority of heads are improvement schools that they backfill and ensure that their funding they receive are able to other leaders to buy and supply and. Their partner school advisors report gained huge amount of support in another school; can learn a lot by providing the support back into the school.

The Director for Resources confirmed with the resilient point, they had to make major savings but the issue with grants has hit them hard as they had to reduce what was needed to be taken again and have had to re-structure. They assured Members they are mindful with the improvement service area, that it cannot go any lower. They are mindful of the support going to the staff; for instance they received the gold award while going through a re-structure.

- The Member asked if the reduction in funding from Welsh Government was foreseen or unforeseen and in terms of risk balance; would there be a risk if there is further reduction; and if there is clarity between the Welsh Government and Council of this difficulty.

The EAS Director confirmed that the Joint Executive Group (JEG) is under a lot of pressure and that they are 50 percent funded via grants and due to the pandemic; funding was late coming through. They were unaware they had this until late January, but was already in communication with the Welsh Government. They were under the impression they had to make savings whilst being in touch with unions; as they did not know what the funding was going to be. Members were informed they had a meeting today to see what it is like as they are mindful they want to avoid a re-structure for stability.

- A Member queried how EAS compares to other regional bodies.

In response, the Assistant Director stated they work collaboratively with other regions and are well established within the Cardiff/Bridgend area. The Director for EAS added

that the pandemic has brought the bodies closer together because of the virtual environment which has helped with collaboration in leadership.

- The Committee Member then queried in relation to the Welsh Government funding; would they have been able to foresee that the Government is funding less in order to encourage the bodies to merge.

The Assistant Director confirmed that they would not as they only know what each region is getting in terms of money and use that collaboratively.

- A Committee Member queried whether head teachers will be prepared for more cuts and if they are in the know of these so they can work within the set budgets.

The Head of Education confirmed that with school individual budgets; the Committee are discussing a different topic but explained the EAS provide money to schools for school support. A fraction of the grants they have are their budgets; as public servants the Council has limited resources so potentially there could be reductions at any point but they do their very best with supporting the schools with financial training. The Council have to watch and wait in terms of Welsh Government settlements with grants but are prepared to manage money appropriately.

- The Member then asked the officers to confirm what would be the lowest amount they can manage on, grants wise.

The EAS Director of Resources replied stating that the grants go to the local authorities and through the Head of Education, they commission the work. For instance they have £52 million coming in, and 44 grants within that total all trying to do something different. They try to simplify that for schools to give them more autonomy and use one grant to do one function.

- A Committee Member referred to the recovery situation from covid-19 and queried the team on how they feel they have challenged themselves and how the Local Authority challenged them.

The Assistant Director stated that schools have adapted and where schools have not responded for strategies; this has been addressed collaboratively with schools to get the right provisions in place for pupils to be supported appropriately. They have been listening to school leadership. From the EAS perspective; for quality assurances there has been good attendance between Local Authority officers and Principal Officers with a lot of dialogue on individual schools on a monthly basis.

The Head of Education concluded that they have regular dialogue in terms of experience through quality assurances. Over the pandemic, the JEG group monitored the performance of the EAS; nothing stopped during the pandemic but noted they found school partners have been receptive to change with professional learning to keep teachers teaching through blended learning. The officer was pleased with the performance of EAS for what they have done for the school improvement partners is valued.

- The Member asked if the officers foresee any future challenges or can comment on the past challenges, and if any Local Authorities ventured off from what Newport are trying to achieve.

The Assistant Director confirmed they work very close with Managing Director Debbie Hartevelde and look at priorities with similar in terms of equity. The Head of Education

highlighted an example of the Local Authority request would be the ESTYN recommendations from the services within their Local Authority annex of the action plan; within that are specific actions bespoke to Newport.

- How does the partnership try to maintain innovation and new ways of working?

The Assistant Director confirmed in terms of innovation this is ongoing but is slow as the engagement with teachers because the schools struggle with staffing in terms of Covid. There has been a range of work with workshops working with school leaders, selective groups and governors for reflection. With curriculum reform, they are constantly challenging thoughts and have had external advisers who are highly experienced, joining them on virtual engagement activities to challenge the leaders.

- The Committee mentioned that with failures; usually leadership comes down to being one of them. Is there work being done to ensure leadership?

The Head of Education asserted that categorisation is not part of it anymore, so there would be no 'Red' areas. There is a professional learning menu that goes on all different levels including middle leadership with those considering going into deputy headship with professional courses available. In addition to new leadership courses; they have been responsive to the pandemic by focusing on agile leadership.

The Assistant Director complimented this by explaining that now categorisation has gone; there has been dialogue with local authorities with schools on their concerns. Funding is linked to that model and up to 25 days of support; this offers far more flexibility to support the mentioned programmes.

- Members referred to the tables with coloured feedback and queried what type of work and actions are being discussed. It was observed there were a lot within the 'agreed' section. How would officers get those to be move to the 'strongly agreed' section?

The Assistant Director confirmed that it is a small part of a large bit of qualitative feedback. That was not shared in the report from Rod Alcott; it is a 'you said, we did' style of table. The columns form the approach for the business plan for their data which will include quantitative and qualitative feedback.

- The Chair recognised that the pandemic has been tough but through the report and presentation, it seems to have developed stronger relationships; the chair asked the officers if this is something they agree with.

The Head of Education agreed and that is important to feedback they talk directly to the school and the authority is direct with EAS. They have all had to think quickly on their feet to be innovative through the pandemic. They have developed helpful relationships to ensure they are listening and responding. The Assistant Director also agreed that the accessibility has been important for colleagues in schools and LEA interfacing.

The Chair and Committee thanked the Officers for their time and asked them to express their thanks to their colleagues as they recognise that they have moved forward over the past 18 months.

Conclusions:

The Committee **noted** the Education Achievement Service Value for Money Financial Year 2018-19 report and **agreed** to forward the Minute to the Education Achievement Service and

the Cabinet Member as a summary of the issues raised and in particular, the following comments:

- The Committee were satisfied with the report concluding overall value for money and commended the evidence of constructive relationships between the EAS and the Local Authority; the programme of robust support (tools) available, and; the mutual professional respect to challenge and develop the support provided, especially during the pandemic. The Committee also wished to thank the partners and all their staff for all of their hard throughout the pandemic, and continued high quality of service.
- The Committee expressed concern at the unknown Welsh Government funding position for the Education Achievement Service for next year. Concerns were also expressed at the reduction of third of the workforce over a period of five years. Even though EAS are doing well currently with the number of staff and resources available, Members raised the concern of future staffing problems.
- The Committee felt that the partnership had conducted themselves well, which was evident in the report. It was also felt that they risk assessed each other well, were not afraid of innovation and could sense the strong, positive relationship between the consortium. It was hoped that this will continue.

5 Scrutiny Adviser Reports

Invitees;

- Neil Barnett – Scrutiny Adviser

a) Forward Work Programme Update

The Scrutiny Adviser presented the forward work programme, and informed the Committee of the topics due to be discussed at the next two meetings:

17th November 2021 –

- Unaccompanied Asylum Seeking Children

1st December 2021

- Violence against Women and Sexual Abuse against Women
- Shared Resource Services (SRS) Update

Members asked the following:

- A few years ago, the Committee were supposed to undertake a site visit of Wastesavers, however this never materialised. It was queried if this could possibly be organised, according to Covid regulations and whether Wastesavers could come to committee to discuss their performance. The Scrutiny Adviser told the Committee that he would check with officers regarding the site visit. Early next year, Scrutiny Advisers will meet up with Heads of Service to put together the draft Annual Forward Work Programme for the committees for 2022-23, so will see if this can also be an agenda item.

b) Actions Plan

The Scrutiny Adviser advised the Committee that since 6th October 2021; they have actioned the comments and sent them to Cabinet and the partnership for the Public Services Board Well-being Plan Annual Report.

The meeting terminated at 7.50 pm