

Report

Cabinet

Part 1

Date: 17 July 2024

Subject Property Services arrangements - Implementation

Purpose To update Cabinet on progress and the financial implications associated with the future model for the provision of property services for Newport City Council

Author Strategic Director – Corporate and Transformation

Ward All

Summary The Norse joint venture (JV) established in July 2014 comes to an end on 31 December 2025. Following an initial report to Cabinet in December 2022, a review of potential models for future service delivery took place, supported by evidence and undertaken by Scrutiny.

A Cabinet report in March 2024 considered the key risks and potential benefits and recommended the establishment of an arms-length trading company wholly owned by Newport City Council to be established by the end of the current joint venture.

Following this, a detailed analysis of current service budgets, operating costs and projected transitional costs has been undertaken and this report provides an overview of the financial cost and impact of the proposed service change, alongside progress on the arrangements to set up the new company.

Proposal

1. To delegate authority to the Strategic Director for Transformation and Corporate, in consultation with statutory officers, to take such steps as are necessary to continue with the setting up the LATCo, including the preparation of all necessary documents and short of registration at Companies House, that final stage being subject to the development of a business plan for the LATCo's operations.
2. To agree for the use of reserve funds as set out in this report for the one-off transition costs.
3. To give authority to the Strategic Director for Transformation and Corporate to enter into a 3-month extension to the current JV.
4. To instruct the Strategic Director for Transformation and Corporate to produce a further report to Cabinet setting out the anticipated financial position of the LATCo, how it meets the Council's strategic intentions and achieves social value, which will provide an indication as to its viability and sustainability.

Action by Strategic Director for Transformation and Corporate; Head of People, Policy and Transformation, Head of Finance and Head of Law and Standards

Timetable Immediate

This report was prepared after consultation with:

- Cabinet Member – Infrastructure and Assets
- Newport Norse
- Head of People Policy and Transformation
- Head of Finance
- Head of Law and Standards

Signed

1. Background

In July 2014, Newport City Council and Norse Commercial Services, owned by Norfolk County Council created a Joint Venture (JV) agreement to form Newport Norse and entered into a 10-year Service Agreement for the provision of property services to the Council, extended by Cabinet agreement to 31 December 2025 to allow a review to take place to fully understand future requirements. The JV is wholly owned by the public sector with surplus trading income shared between Newport City Council and the parent company, Norse Commercial Services.

The Norse JV provides a 'one stop shop' for all property services, which includes:

- building maintenance, including direct labour,
- statutory testing and inspection,
- cleaning and catering,
- estates and valuation,
- design and construction procurement,
- project management,
- corporate premises management.

The company's turnover at its inception in 2014/2015 was £4.1m, with turnover rising in 2022/2023 to £24.9m. As set out in previous reports, the Council receives 50% of the surplus annually. The Council commits an annual budget for the core funded property work within the agreement and has agreed rates for additional professional consultancy services. The partnership has delivered on major projects, with a range of benefits to the city of Newport. Furthermore, Newport Norse has also generated significant local spend with suppliers.

Following an initial report to Cabinet in December 2022, a review of potential models for future service delivery took place, supported by evidence and undertaken by Scrutiny.

A Cabinet report in March 2024 considered the key risks and potential benefits and recommended the establishment of an arms-length trading company wholly owned by Newport City Council to be established by the end of the current joint venture. The Cabinet decision was in support of the recommendations subject to:

- Preparing a proposal document regarding the setting up of an arms-length company wholly owned by the Council for the purpose of delivering property services to the Council from January 2026
- Obtaining such advice and information as was necessary in order to enable the preparation of that document.
- Taking such mobilisation steps as was necessary to enable the setting up of the new model, but not including the registration of the company at Companies House.
- Reporting back to the Cabinet at a later date regarding the proposal and progress of the above.

A detailed segmental analysis of the current service budgets, operating costs and transitional costs has been undertaken and this report provides an overview of the financial cost and impact of the proposed service change.

1.2 Scrutiny Review and Findings

As part of the review process officers worked with members and key stakeholders through a Scrutiny Policy Review Group (PRG). Newport Norse were also engaged in the review through workforce and manager engagement which is critical to the successful transition to any new model.

The PRG's role was to appraise options for future service delivery to inform recommendations to Cabinet on the options which best align with the Council's strategies and values.

The recommendations of the Review Group were presented to and agreed by Overview and Scrutiny Management Committee (OSMC). OSMC recommended to Cabinet the establishment of a local authority trading company (LATCo) for the majority of services within the current model, considering a hybrid model for other options where beneficial. It should be noted that a further recommendation was

for the Council to also consider a 'Shared Service' model as a future development opportunity for the proposed LATCo. This proposal was supported by Cabinet, and the contractual basis for the new entity will be sufficiently flexible to allow for growth and development of the service in line with strategic priorities and demands.

2. Progress Update

The Cabinet decision in March 2024 included a number of directions to the project team to undertake further analysis on the impacts of the change to service delivery model. This report will feedback on progress and provide evidence of the financial implications of the service change.

With regard to the directions to officers set out in the March 2024 Cabinet decision:

- 1. Preparing a proposal document regarding the setting up of an arms-length company wholly owned by the Council for the purpose of delivering property services to the Council from January 2026.*

A detailed business case has been developed following on from an initial review and more detailed Options Appraisal. The Business Case has been developed to support the 'in-principle' case for transitioning the delivery of the Council's property service functions from the existing Newport Norse joint venture vehicle to a wholly owned local authority trading company (LATCo). This will now be further developed as a final Business Case will include an initial Business Plan for the new entity, as well as providing details on the operation of the business and a detailed budget to form the basis of the Council's contract and performance management regimes.

One of the issues that arose during this work were the risks around the current proposed end date of 31 December 2025. It is suggested that it would be preferable for the end date of the current arrangement to align with the end of a financial year and avoid the Christmas and New Year holiday period. Consequently, it is recommended that Cabinet grant authority to the Strategic Director Transformation and Corporate to agree with Norse an end date for the current arrangement of 31st March 2026.

- 2. Obtaining such advice and information as was necessary in order to enable the preparation of that document.*

Formal arrangements and governance for a joint project team and board were established following the March 2024 Cabinet decision. Project leads have continued working with Norse and key stakeholders with further substantive work being completed with external partners including the analysis of existing budgets and services.

- 3. Taking such mobilisation steps as was necessary to enable the setting up of the new model, but not including the registration of the company at Companies House.*

A joint project team was established to deliver activity set out in the mobilisation plan. Key workstreams have been progressing focussed on priority activities required to set up the new LATCo, including, but not limited to:

- Detailed segmental analysis of existing budgets and services
- Risk workshop and completion of a detailed risk register
- A review of operational fleet and assessment of future considerations
- A review of IT/digital systems and services, plus assessment of future considerations
- A review of property assets
- Detailed Communication and engagement plan
- Branding & Marketing Strategy
- Procurement for specialist legal and financial services in order to advise and to assist with the formalities of setting up the LATCo

- 4. Reporting back to the Cabinet at a later date regarding the proposal and progress of the above.*

This report satisfies this requirement.

3. LATCo: Financial Assessment

The purpose of the financial business case is to quantify the net financial benefit/cost of a LATCo delivery model versus a baseline scenario whereby the JV had continued in its current form. It is a financial process or model to compare the different costs of different options to achieve the same thing.

Whilst a financial business case process uses current or anticipated costs and income to make it as realistic as possible, it is not a definitive statement of future budget / profitability of the JV or LATCo and the budget / cost to the Council – that will be determined through the more detailed financial planning to underpin the production of a comprehensive Business Plan.

In this scenario, the business case has compared fundamentally the same organisation but with the following differences:

- The JV is owned jointly and the LATCo owned by a single Authority – these impact on the distribution/ownership of profits/surpluses and impact of any business gains or losses in the future. Essentially, the above are shared 50/50 in the JV model and rest solely with Newport City Council in the LATCo model.
- There is an up-front cost to establishing the LATCo and no such cost in continuing with the current JV model.
- The LATCo would need an initial 'cash-flow' funding via loan/equity, and this would attract an interest charge assumed at 2% over and above the Council's own cost of borrowing to reflect risk. There is no comparable cost in the JV model as the NORSE JV partner have, to date, left their share of accumulated profits within the business and not charged interest for that.

In relation to the first point above, and cognisant of the Council's currently planned lower level of capital spend in the future, relative to the last 3-5 years, the financial modelling for both options has included the impact of a £28m forecasted reduction in the value of capital projects to be managed by both options over the four years included in the financial analysis.

For completeness, the analysis includes a sum of £250k in relation to contract management costs within the Council reflecting the requirement to ensure appropriate client-side arrangements are in place. However, this has been applied to both options and therefore does not affect the outcome of the financial assessment.

The table below sets out the results of the financial business case analysis:

	Calendar Years / All Figures £000's					
	Yr -1	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Total
	2025	2026	2027	2028	2029	2025-29
Option A: Trading Company (LATCo)						
Council Viewpoint:						
- Delivery Charges from LATCo		(22,155)	(21,885)	(21,885)	(21,885)	(87,810)
- Finance income from LATCo		252	252	252	252	1,008
- Client Side Management Costs		(250)	(250)	(250)	(250)	(1,000)
- Venture Creation Costs	(1,100)					(1,100)
- Invest to Save Funding (100%)	(120)					(120)
- Additional Finance Costs		(180)	(180)	(180)	(180)	(720)
	(1,220)	(22,333)	(22,063)	(22,063)	(22,063)	(89,742)
LATCo:						
- Profit after Taxation (after Council interest)	0	0	0	0	0	0
Net Cost to the Council	(1,220)	(22,333)	(22,063)	(22,063)	(22,063)	(89,742)
Option B: JV Continuance						
- Delivery Charges from JV		(23,086)	(22,486)	(22,486)	(22,486)	(90,545)
- Sales Rebate		592	427	427	427	1,871
- Invest to Save Funding (50%)	(60)					(60)
- Client Side Management Costs		(250)	(250)	(250)	(250)	(1,000)
Net Cost to the Council	(60)	(22,745)	(22,310)	(22,310)	(22,310)	(89,734)
Difference in Cost to the Council A vs B	(1,160)	412	247	247	247	(8)
Payback Period (Years)	4.0					

The overall financial outcome is broadly neutral between the two options, taking a four-year time horizon. Whilst not the sole objective of the financial business case, it shows that a 'break-even' position is arrived at after the fourth year. Essentially, the initial set up costs of the LATCo are recovered through taking 100% of current profit levels over the following three years. The following table explains the differences each year:

	Calendar Years / All Figures £000's					
	Yr -1	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Total
	2025	2026	2027	2028	2029	2025-2029
- One off transition costs	(1,100)	0	0	0	0	(1,100)
- Invest to save cost - Additional Council funding (LATCo)	(60)	0	0	0	0	(60)
- Norse Group Profit before Tax internalised	0	486	350	350	350	1,535
- Corporation Tax Mitigation	0	107	77	77	77	337
- Overhead reduction	0	0	0	0	0	0
- Relative Client-side Management Costs	0	0	0	0	0	0
- Additional Financing Costs to Council	0	(180)	(180)	(180)	(180)	(720)
Total	(1,160)	413	247	247	247	(8)

The modelling is sensitive to different assumptions but is based on current operating costs and profits and adjusted for the points above. The first-year business plan will be an important piece of work following this to confirm the anticipated financial position of the LATCo, and alignment with the objectives of the review.

It is proposed that work will now commence on the preparation of the business plan. This business plan will set out the anticipated financial position of the LATCo, and how it meets the council's strategic intentions and achieves social value.

3.1 Financial Risks & Benefits

Financial risk can arise from:

- Macro risk factors that are largely external and uncontrollable and so need to be reacted to (e.g.: Covid-19 bounce back, changes in Government funding / policies).
- Specific risk factors that can be mitigated e.g., improving the current quality of financial management information and commercial business development in pursuit of enhanced outcomes.
- Factors associated with deliverability e.g. robust business planning, transition management and performance management; the deployment of sufficient and appropriate resource to assure the delivery of the targeted financial outcomes; and effective oversight and governance by the Council.
- Reduction in the capital programme.

The business and financial assumptions underlying the Business Case are considered to be robust and balanced. However, it is important to understand the sensitivity of target outcomes to alternative assumptions (in reflection of specific risk factors).

To illustrate the tolerance of the forecast to changes in assumption, a downside sensitivity in relation to the cost of change has been identified. In order to form a risk-balanced view, there are also a number of credible, but largely unquantifiable upside opportunities for which no related benefit has currently been assumed in the forecast.

The table below identifies the main factors that could impact materially on the total financial value that the Council would expect to derive versus the base case:

	Total Advantage / (Disadvantage) 2025-2029	Difference vs Base Case
Base Case	£ (8)k	N/A
Downside Potential		
Increased one-off costs estimated at £100k unbudgeted	£ (108) k	£100k Adverse
Upside Potential		
Efficiency gains: including projected reduction of 1% (£140k pa) in Sub-Contractor costs through new Works Order system	£552k	£560k Favourable
Additional £1m pa of `third party income developed over 4 years with 15% contribution margin	£367k	£375k Favourable
50% (£58k pa) of potential reduction in central overhead achievable through change in delivery model	£224k	£232k Favourable
Reduced Capital Flex - £14m versus £28m over the 4-year assessment period	£561k	£569k Favourable

3.2 Transition Costs

The financial business case is based on one-off transition costs of £1.22m, which is a prudent estimate based on the work that has been undertaken to date. However, the objective is to minimise the call on Council resources, so at this stage considering cost certainty the approval of Cabinet is sought to allocate £745k from reserves to fund the priority costs.

The production of a detailed business plan will provide greater certainty over the cost of change, it is therefore possible that a further request for funding will be required once this has been completed. It should be noted that if further funding is not required, this will reduce the payback period to between 2 and 3 years.

The table below provides a breakdown of the funding required:

	FUNDING REQUESTED	PHASE/YEAR	ADDITIONAL DETAILS
Revenue:	£,000		
Professional and financial advice	85	2024/2025	Project consultancy and accounting/tax advice
Marketing & Communications	50	2024/2025	Rebranding / website development and implementation
Operational change costs	50	2025/2026	Livery for new fleet, replacement signage / PPE
Staff and pension transition costs	240	2025/2026	Transition costs to new business model
	425		
Capital:			
Purchase of operating assets	50	2025/2026	Purchase of required plant and equipment and set up
Works ordering System	120	2024/2025	Implementation cost of replacement system (priority business need, supporting efficiencies)
Technology (ICT/telephony)	150	2025/2026	Server Upgrade, replacement IT hardware and telephones and implementation
	320		
Budget allowance	745		

Work is ongoing over the next few months to explore options for recovering some/all of these costs from the LATCo.

4. Next stage considerations

Moving forward, the mobilisation of the project will be focussed on a programme of activity including:

- 1) Strategic/Financial objectives
- 2) Social/Financial Value
- 3) Branding/Identity
- 4) Delivery of business systems
- 5) Transition programme activity including:
 - Performance management.
 - LATCo set up and Governance.
 - Design and implementation of new client-side arrangements.
- 6) Operational structure for the LATCo. The Business Plan will set out and provide the following information: structure and operational model, treasury plan and business plan for –1 to 3+
- 7) A report back to Cabinet following the development of a Business Plan that shows how the LATCo meets the Council’s strategic intent, achieves social value and is financially balanced.

4.1 Strategic Objectives

The strategic vision, goals and objectives for the LATCo are being considered, incorporating the views of NCC, Norse Management and staff, and other key stakeholders. This also presents an opportunity to involve the workforce in the process of developing the vision and objectives, which will also inform the branding strategy. The joint project team and board have developed an initial set of ‘themes,’ which will be more clearly defined in the next phase.

Key themes identified to date, consider some core areas of service delivery that need to be addressed by the LATCo, but also existing good practice and future aspirations:

- Creating greater value across the region
- Empowering change and development
- Raising Standards
- Social Value
- Economic Impact
- Ethical and fair
- Alignment with the Council strategic priorities
- Governance and accountability

4.1.1. Social value

The LATCo will continue a commitment to social value principles, with activity focussed on the delivery of current priorities including the Council's Corporate Plan and Well-being Objectives. These demonstrate the Council's commitment to prioritising social, economic, cultural and environmental wellbeing for the City and our partners. This recognises the way in which we manage our spend with suppliers, service providers and contractors can make a significant contribution to this priority.

In March 2023, Cabinet approved the NCC core list of Themes, Outcomes and Measures (TOMs) for social value measurement reporting on outcomes at six monthly intervals and progress on these was reported January 2024. It is proposed that the new model will be required to report through the established TOMs framework ensuring that social benefit is integrated within the model. The use of the core TOMs will support the delivery of social value, alongside climate change work, and will assist in the reporting of compliance with the Wellbeing of Future Generations (Wales) Act 2015 and the forthcoming Social Partnership & Public Procurement Act.

The new delivery model will adopt an integrated framework and any other existing policies/good practice that combines financial, environmental, social and governance performance. This will be further developed when the new model has been determined.

4.1.2 Improved Control & Monitoring

- Fully owned model with supportive governance and oversight,
- Robust client function,
- Improved performance and monitoring in line with Council priorities,
- Improvements in property provision and projects.

4.1.3 Improved Strategic Alignment:

- New model aligns to NCC strategic objectives and corporate plan,
- Supports current service demands and priorities,
- Supports Council sustainability and social value priorities and aspirations and established in such a way that future growth and development opportunities, such as shared service arrangements can be achieved.

4.1.4 Improved Financial Performance

- Increased back office and business efficiency, with all financial efficiencies solely benefitting NCC,
- More transparent model.

4.1.5 Stakeholder engagement

Stakeholder engagement and feedback has been considered in the review, and will be increasingly important as arrangements progress, particularly for clients, Norse management, and workforce, who are critical to a successful transition to any new arrangement.

Responses from the Norse workforce to a recent questionnaire highlight the importance of effective communication and collaboration in the transition over the next two years. The feedback provides helpful

insight into managing the change and will be considered in the development and implementation of the new delivery model.

Further engagement and communication with wider stakeholders will be conducted on a regular basis as the project progresses, as deemed appropriate. This ongoing activity will ensure that differing perspectives are considered and that the project remains aligned with the needs and expectations of those involved. Regular updates and feedback sessions will facilitate continuous improvement and encourage further collaboration.

4.2 Governance Arrangements

One of the core priorities in the establishment of the LATCo, is for the Council to consolidate its existing strategic capabilities and governance/decision making arrangements in relation to:

- policy making and strategic direction,
- the commissioning, procurement and contract management of large-scale, complex capital projects; and
- the Council’s client-side/contract management function.

In addition, the effective establishment and operation of governance arrangements between the LATCO and the Council will be a critical success factor. Arrangements including Cabinet, Scrutiny & Performance, a Shareholder reference group, Board of Directors and Executive Management Team, will align with existing NCC governance structures to optimise continuity with arrangements for other Council partnerships, minimising the potential for disruption or ineffective oversight.

4.3 Contract Extension

The current contract with Newport Norse is due to end on 31st December 2025, but it has been highlighted there are a number of risks associated with proceeding with the transitional arrangements to the new LATCo during this period. The most significant risks include:

- Financial planning/budgeting,
- External partner availability,
- Contractor availability to support the transition,
- Contract novation.

In order to mitigate these risks, this report asks Cabinet to authorise an extension of the current JV to 31st March 2026.

Risks

As outlined in the original report, the proposal to extend the current partnership in the medium term mitigated against some risk – the table has been updated to reflect the current position. The Corporate Risk Register also reflects the risk of the Council’s property estate and the role of the partnership in managing this.

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Risk of contract ending before a new model is established resulting in disruption to services, loss of skills etc.	H	L	This report proposes the development of a new model, at pace, and a three-month extension to the existing arrangement.	Strategic Director – Corporate and Transformation

Impact on partnership working, and Norse staff of not having an agreed way forward.	M	L	This report proposes the development of a new model, at pace, and notes the importance of consultation and stakeholder engagement.	Head of People, Policy and Transformation
Operational risk if the transition is not effectively resourced.	H	M	Budget arrangements now set out within this report.	Strategic Director – Corporate and Transformation Head of Finance
Financial risk if agreement if not reached and contract not extended.	M	L	Budget arrangements being developed as set out in this report.	Head of People Policy and Transformation
Disruption to management of the property estate (Corporate Risk) and major projects.	M	L	This report proposes the development of a new model, at pace. Officers will consider when external support is required.	Head of People Policy and Transformation
Increased income target in the budget (MTFP) may present a future risk /overhead in the development of any new model	M	H	Work to create the new model and develop the financial model will need to consider this. However, this risk is present in the existing and all other models considered as major projects reduce, value return will also reduce.	Strategic Director – Corporate and Transformation
Risks of wholly owning the company	H	M	As set out in this report - factors associated with deliverability, the deployment of appropriate resource and delivery of financial outcomes; and effective oversight and governance by the Council	Strategic Director – Corporate and Transformation

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The Council's new Corporate Plan identifies the City Council as an inclusive organisation that places social value, fairness and sustainability at its core, and this is one of our Well-Being objectives for 2022-27. Reviewing the service delivery model in the medium term is congruent with this aspiration.

The Corporate Plan also identifies actions to:

- Transform our neighbourhood and community services to enable communities to make best use of land and property through community asset transfer.
- Rationalise, protect, and enhance our buildings and assets enabling co-productive working environments with our strategic partners, public sector bodies and other organisations.

Options Available and considered

1. Proceed with the recommendations as set out in this report:
 - Progressing the preparation of the LATCO set up and Business Plan with progress to be reported to Cabinet at a later date;
 - Extension of the current JV to the 31st of March 2026; and
 - Approve funding for the one-off costs for implementation.

2. Not to approve the above and to request further information on some or all of the proposals.

Preferred Option and Why

Cabinet has previously agreed in principle to progress with the establishment of a LATCo, and the proposals in this report are the next steps in the implementation of that decision. Following the development of the Business Plan, a further report will be presented to Cabinet providing further opportunity to make a final decision on progressing to formal company registration and establishment of the LATCo.

Comments of Chief Financial Officer

The report outlines the results of the business case appraisal of the LATCo and current JV models in going forward with property related services provided. It confirms a broadly similar financial impact over a four-year period which assumes current overall profitability is maintained with the exception of the impact on fees/profits coming from a reduction in the Council's capital programme and £1.2m set up costs.

A lower level of set up costs of £745k is requested and this would reduce the broadly neutral position to about 3 years as the report says. It may be necessary to augment this amount as the project develops and will be reviewed by the project team as the project progresses.

The first-year business plan or budget will now be developed with the assistance of Newport Norse colleagues and external assistance as required. There will be a number of issues to resolve in that work, in particular the LATCo profit making objectives/framework and any requirements to repay setting up costs incurred by the Council. Some of these will require external assistance to help Council officers and Norse colleagues to work through the task.

Cabinet is aware of the challenging medium term financial context for the Council. The impact of moving to the LATCo with potentially revised objectives around such things as profit making and other issues will have an impact on the Council's own budgets as well as the on-going finances of the LATCo. Therefore, the HoF recommends that the business case clearly sets out the impact against the Council own budgets as well as ensuring the financial viability of the LATCo and Cabinet satisfies itself that these are acceptable at that time.

Comments of Monitoring Officer

There are no legal implications arising from the matters addressed in the report. The Cabinet is asked to note the updates set out in the report and to agree to the further steps which are proposed in order to move towards setting up the LATCo, a course of action which the Cabinet has already agreed to in principle. The final decision to proceed with setting up the LATCo will be for Cabinet at a later date, after the Cabinet has had the opportunity to consider to a further report setting out the findings of the above-mentioned Business Plan.

Arrangements for the provision of specialist external advice are currently being put into place in order to ensure that all relevant legal considerations are taken account of, particularly with regard to the setting up of the company and its governance arrangements thereafter.

The decision to allocate funding for the implementation costs as set out above is a matter for Cabinet, having regard to the advice of the Council's Head of Finance.

Comments of Head of People, Policy and Transformation

This report seeks Cabinet agreement to proceed with the setup of the future model for delivery of property services for Newport City Council as a local authority trading company from April 2026.

There are clear links to the Council's Corporate Plan 2022-27 vision of 'an ambitious, fairer, greener Newport for everyone', and supports its Well-being Objectives including Objective 4 (An Inclusive, Fair and Sustainable Council – Newport City Council is an inclusive organisation that places social value, fairness and sustainability at its core).

The principles of the Well-being of Future Generations (Wales) Act 2015 and its five ways of working have been considered including the decision over the medium-term to extend the existing partnership and look to a longer-term solution that provides social value and community benefit. This will aim to prevent future problems through property management and asset rationalisation; and has been developed in a collaborative way, involving Scrutiny and key stakeholders.

An FEIA has been completed for this work and is published on the Council website.

There are HR implications, including TUPE procedures as work is progressed to a new delivery model. This will form part of future discussions during and post review period.

Scrutiny Committees

The Norse JV partnership has been reported to Partnership Scrutiny Committee annually, and previous recommendations are considered in the review.

Following a referral to Overview and Scrutiny Management Committee a Policy Review Group (PRG) was established and following its review reported back to the management committee. The findings and recommendations of the Committee formed this proposal to develop a wholly owned LATCO. The group further recommended that:

- regardless of the option taken forward, it should be resourced appropriately and that a resourcing plan should be established from March 2024 – December 2025 and thereafter, and that Cabinet must be satisfied with the resources allocated.
- project progress, should be presented to the Overview and Scrutiny Management Committee for review on a 6-monthly basis until the new arrangement began, from which time it would fall to the Performance Scrutiny Committee – Partnerships to monitor performance. This will be arranged after this Report.
- any new contract should be sufficiently flexible to allow for future development of the business; whether that is through a Shared Service opportunity or expansion of the services offered; without having to wait for the end of the existing contract.

Fairness and Equality Impact Assessment:

A full Fairness and Equality Impact Assessment (FEIA) was undertaken on this proposal and published on the Council's website (available in Welsh [here](#) and English [here](#)). This will be subject to review as proposals progress.

This FEIA considers our legislative responsibilities under the Equality Act (2010), including the Socio-economic Duty, the Wellbeing of Future Generations (Wales) Act (2015) and the Welsh Language (Wales) Measure (2011).

Wellbeing of Future Generation (Wales) Act

The 5 main considerations in respect of the Wellbeing of Future Generations (Wales) Act 2015 are set out below with an explanation of how this decision meets these objectives:

- **Long term:** The medium-term extension of the existing partnership supported the review of the arrangements and gave us time to look at a longer-term approach which provides for social value and community benefit.
- **Prevention:** There is a range of work supported by the partnership which prevents future problems, through property management and asset rationalisation.

- **Integration:** The proposal supports the Council's longer-term approach as established in our Corporate Plan and well-being objectives that meet the National Well-being Goals.
- **Collaboration:** The proposal is a partnership approach involving Scrutiny and key stakeholders.
- **Involvement:** Discussions have taken place at Scrutiny Committee alongside the gathering of views of the Norse workforce. While the well-being objectives set out in the Corporate Plan were subject to public consultation.

Consultation

As outlined in the report, engagement and communication with stakeholders has been considered in the review and will be increasingly important as arrangements progress. As it is likely that TUPE regulations will apply in moving to a new delivery model, there will be a requirement on the current and new employers to inform and consult with affected employees regarding the transfer. As the work progresses, further steps will be taken to detail an appropriate consultation and implementation schedule in relation to Norse management and workforce.

Feedback from the Norse workforce is outlined in the previous Cabinet Report. This feedback provides helpful insight into managing the change and will continuously be considered in the development and implementation of the new delivery model.

A Communication Plan has been developed which details the mechanisms that will be used to enable a structured engagement approach with the Newport Norse employees and other stakeholders that will be affected by the change. This will be a continuous process throughout the duration of the review and transition to a new model, ensuring that this important group are able to adapt to the new delivery model which is essential for a successful implementation and seamless transfer of services.

Background Papers

Partnership Scrutiny Committee November 2023

Cabinet Report December 2022

Overview and Scrutiny Management Committee January 2024

Cabinet Report March 2024

Dated: 10 July 2024