

Name of Committee:	Cabinet		
Committee Date:	08 November 2023		
Report Title:	Shareholder Sub-Committee Report to Cabinet on the Norse SE Business Plan 2023/2024		
Responsible Officer:	Officer comments are attributed throughout the report.		
Status:	Part-Exempt (Commercial-in-Confidence)		
Urgent Decision:	No	Key Decision:	No
Appendices:	Norse SE Business Plan 2023/2024 (Exempt)		
Background Papers:	HBC/NSE Service Agreement dated 23 March 2016		
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Report Number:	HBC/ 051/2023		

Corporate Priorities:

The Cabinet tasks the Shareholder Sub-Committee to provide strategic oversight of and support to the Council's companies. Providing assurance to the Cabinet that these companies are:

- a. Compliant with the Council's constitution, rules and procedures; achieving best value; and are fit for purpose.
- b. Delivering the Council's strategic objectives in line with the Council's regulations, ambitions, and corporate priorities.

Executive Summary:

On behalf of the Cabinet, the Shareholder Sub Committee can confirm that its Joint Venture, Norse South East Limited (NSE), is compliant with the Council's constitution, rules and procedures, and its Annual Business Plan for Financial Y 2023-2024 aims to deliver the Council's strategic objectives in line with the Council's regulations, ambitions, and corporate priorities.

The NSE Budget was approved by Full Council in March 2023. Following the appointment of a new Managing Director in April 2023, the Shareholder Sub Committee and NSE agreed to review and resubmit the Annual Business Plan 2023/24. The revised Business Plan has been reviewed, does not impact upon the agreed budget and is considered fit for purpose and represents current best value.

Recommendations:

That Cabinet resolves to:

- I. Approve the revised Norse South East Ltd Business Plan 2023/2024

1.0 Introduction

- 1.1 The Cabinet tasks the Shareholder Sub-Committee to provide strategic oversight of and support to the Council's companies. Providing assurance to the Cabinet that these companies are:
 - 1.1.1 Compliant with the Council's constitution, rules and procedures; achieving best value; and are fit for purpose.
 - 1.1.2 Delivering the Council's strategic objectives in line with the Council's regulations, ambitions, and corporate priorities.
- 1.2 The Shareholder Sub Committee can confirm the Joint Venture, Norse South East Limited (NSE) is compliant with the Council's constitution, rules and procedures, and its Annual Business Plan for Financial Year 2023-2024 aims to deliver the Council's strategic objectives in line with the Council's regulations, ambitions, and corporate priorities.
- 1.3 The NSE Budget was approved by Full Council in March 2023. Following the appointment of a new Managing Director in April 2023, the Shareholder Sub Committee and NSE agreed to review and resubmit the Annual Business Plan 2023/24. The revised Business Plan has been reviewed, does not impact upon the approved budget and is considered fit for purpose and represents current best value.
- 1.4 The shareholder sub-committee considered this report at its meeting of 27 November 2023 where it support the approval of the business plan.

2.0 Norse SE – Key Partnership Objectives

The Executive Head of Commercial comments on the Business Plan are as follows:

- 2.1 The Key Partnership Objectives and Deliverables within this Business Plan reflect the strategic direction provided to NSE by the Council's Budget Working Group. The Budget FY 23/24 was approved by Full Council.
- 2.2 Since the appointment of the new Managing Director of the JV, we have seen a steady and consistent improvement in services towards the achievement of the deliverables.
- 2.3 To improve performance delivery, monitoring and benchmarking a draft set of revised KPIs for services is included in Appendix 1 of the Business Plan. These KPI's are being developed and tested collaboratively by HBC and NSE, prior to a demonstration to Cabinet. Once approved by HBC and NSE these KPI's will form an amendment to the Service Agreement.
- 2.4 This Business Plan represents a robustness and suitable platform for the delivery of Environmental Services to HBC and future planning for FY24/25.

3.0 Financial Considerations

The Council's S151 Officer comments on the Business Plan are as follows:

- 3.1 Members should satisfy themselves that the revised business plan supports the delivery of the Council's corporate strategy in a financially efficient manner and that should be achievable within agreed budgets.
- 3.2 The Key Objectives mention a "sound financial basis" and "value for money" and that they can be evidenced at all times. It is important to ensure that the financial impacts of any changes to operational objectives or allocation of resources are considered within the

business plan.

- 3.3 Members will also want assurance that the new KPIs include appropriate metrics for reporting on and measuring financial performance both year on year and with the ability to benchmark across the sector.
- 3.4 The delivery of the third garden waste round is revenue generating and a welcome addition both for our residents and financially for the company and the Council.
- 3.5 The profitability review of commercial services is a welcome step. This should allow Norse South East to isolate areas that are not cost effective and also to explore both new commercial opportunities and potential commercial efficiencies.
- 3.6 The creation of a capital programme will be vital to the long-term affordability of the waste collection service. The programme will help support prudent financial planning for the sourcing and maintenance of the service's fleet and mitigate the risks of unexpected cost pressures or potential negative impacts to service delivery through unexpected issues with the fleet.

4.0 Legal and Governance Considerations

The Council's Monitoring Officer comments on the Business Plan are as follows:

- 4.1 Norse South East should have an annual business plan which sets out its objectives and how the objectives are to be resourced and achieved. This business plan is overdue and needs timely attention.
- 4.2 The business plan and business planning process are critical parts of governance culture and environment. The business plan is one of the key documents which governs the relationship between the Council and the company

- 4.3 The business plan should be challenged and monitored by the Shareholder function. The purpose of the Shareholder Sub-Committee is to approve and oversee the Council's strategic objectives across the Council's companies and to support the development of these companies in line with the Council's regulation and ambitions. It is also to hold the Council's companies to account, providing strategic oversight of the arrangements with the companies including the delivery by the companies of the Council's policy aims.
- 4.4 As part of this process, it shall be consulted on the business plan and make recommendations to the Cabinet including recommendations on the robustness and suitability of the business plan.
- 4.5 The approval of the business plan is reserved to the Council as shareholder under the shareholder agreement. The rights and duties as a member of the company (as shareholder) almost always fall to be exercised as an executive function. This means that decisions to be taken by the Council as a shareholder fall to be decided by Cabinet. The Shareholder Sub-Committee shall therefore make recommendations to Cabinet to approve the business plan.
- 4.6 It important that the business plan is challenged and monitored by the Shareholder function. This process ensures that the business plan is robust and suitable for approval by the Council as shareholder.

5.0 Risk

The Executive Head of Commercial comments on the Business Plan risks are as follows:

- 5.1 Future legislative changes driven by the Environment Act and the challenges of working with the Waste Disposal Authority carry risks which lay outside the current work programme. These changes will however impact the delivery of services and HBC will need to draw

upon the expertise and support of NSE to address them once they emerge and become clearer.

- 5.2 The continued financial sustainability and viability of the venture, within Revenue and Capital funding envelopes the Authority can afford over the MTF5 period. This will need to effectively balance emerging costs pressures in a wide range of volatile areas (wages, fuel prices, vehicles, costs of borrowing), with what the Authority can afford and what represents a reasonable ask in terms of Council Tax.
- 5.3 Maintaining a clear balance between business as usual, the emerging priorities of the Council, and changes occasioned by Statute and County Council Plans. This requires a clear forward look, and the agility to respond.
- 5.4 Continued focus on the experiences and perceptions of residents, so as to maintain a strong service reputation and deliver clear aspirations to have Pride in Place.

6.0 Options

- 6.1 Options for service efficiencies were considered by the Council's Budget Working Group, incorporated into the Budget, approved by Full Council, and reflected in this Business Plan. Approval of the Norse SE Business Plan 2023/24 is therefore the recommended option.

7.0 Conclusion

- 7.1 It is considered that the Business Plan is robust and suitable for approval.

Agreed and signed off by:		Date:
Executive Head:	Chris Bradley, Executive Head of Commercial	19/09/2023
Executive Head:	Matt Goodwin, Executive Head of Internal Services	19/09/2023
Monitoring Officer:	Jo McIntosh, Chief Legal Officer & Monitoring Officer	19/09/2023
Section151 Officer:	Steven Pink, Chief Finance Officer	19/09/2023