

STRATEGIC
BUSINESS PLAN
2024.28

norse
GROUP 

IMPROVING
PEOPLE'S
LIVES

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1. CEO's STATEMENT

The Group's aim is "improving people's lives whilst generating a sustainable, ethical profit for the public sector". This plan outlines how we will deliver this over the next five years.

A decade of austerity cuts, recently compounded by inflationary pressures gives rise to seemingly ever-increasing financial pressures for councils. Despite this, Norse Group's offering remains as in-demand as ever. Whilst cost pressures present significant service challenges for councils, the Group's partnership approach to flexible service provision provides opportunities to design solutions collaboratively – a truly unique offering. We therefore envisage strong demand for the Group's services over the next 5 years.

Generating an ethical profit for both our shareholder and partners alike is more important than ever – returning profit back to the public purse. Increasingly, councils and the wider public sector seek commercial arrangements to deliver services. In order to ensure we continue to do this, despite what may well be a challenging economic environment for at least the next 2-3 years, we are driving forward our Foundational Strategy. This will see us evolve our wholly owned brands within the public sector, whilst continuing to partner with councils through our joint venture model.

A particular strength of the Norse Group is the wide range of services it offers to customers. Developing solutions for customers by joining discreet services together from across the Norse Group will allow us to support and contribute to the challenges of our public sector customers in new ways. To do this we will invest in our people. The Group's People Strategy will evolve our capability to recruit, train and retain staff amidst a labour market that looks set to remain uncertain over the coming years following COVID-19.

As the Group grows, we will continue to ensure those services we provide for Norfolk County Council remain at a consistently high standard. The provision of school catering, home to school transport, highways maintenance, residential care for the elderly, property and facilities management services for the Council illustrates the breadth of services we offer across the Norse Group. In addition to the annual shareholder rebate, we will continue to drive efficiency and value into these services wherever possible to deliver value for money.

The Norse Group Senior Executive Team have prepared this plan to outline how they will continue to grow the Group, ensuring it remains the largest LATCo in the country, whilst at the same time increasing the annual shareholder rebate.



"We are one of the country's fastest growing service providers, with a broad range of services including facilities management, property services and specialist care facilities. Providing commercial solutions which address current and future built environment challenges, we have 36 partnerships across England and Wales..."

A handwritten signature in black ink, appearing to read 'Justin Galliford'. The signature is stylized and fluid.

CEO NORSE GROUP
Justin Galliford
BSc(Hons) MSc MBA DipMC

2. EXECUTIVE SUMMARY

This summarises the budget for FY23/24, and then outlines the Group's plans for growth over the following four years.

FINANCIAL YEAR 23/24

Despite a weak outlook for the UK economy, pre-tax trading profit is forecast to be £6.1 million for FY23/24. This will facilitate a rebate of £2.7 million to the shareholder, Norfolk County Council.

Performance across the Group's main entities for the year ahead are mixed, reflecting the anticipated difficult trading environment. They can be summarised as:

£m	Revenue		Trading profit	
	FY22/23 forecast	FY23/24 budget	FY22/23 forecast	FY23/24 budget
NCS	266.7	267.2	8.6	8.8
Norse Consulting Group	37.1	25.4	1.4	1.8
Norse Care	45.8	52.9	(3.7)	(1.2)
Business Support	13.1	11.6	(1.8)	(4.0)
Norse Group Holdings	4.2	3.9	(0.1)	0.6
Consol Adjs	(12.7)	(12.6)		
Total	354.3	348.4	4.5	6.1
NCC rebate equivalent (£m)			2.7	2.7
Cash headroom (£m)			6.6	8.9

During the year, several long-term joint ventures across NCS and NPS will conclude, with services returning to respective council partners. Full year benefit of JVs that commenced during 2022 largely replace turnover and profitability within NCS. Turnover decreases notably within Norse Consulting Group with the end of their NPS Hull JV, albeit that profitability is not materially impacted. The budget does not assume major growth to replace these joint ventures 'in-year'. This is predicated on the fact that the current major business pipeline looks likely to mature into revenue from FY24/25, so requisite due diligence modelling and contract negotiations are assumed in-year, with subsequent allocation of supporting resources. The most notable impact of the reduction in turnover is the increase in Business Support costs. These are costs no longer supported fully by overhead charges. These costs are necessary in the year ahead, largely due to significant systems development work taking place ('Project One' outlined later). However, prudent savings in-year will be made where available. Additionally, some of these costs may be capitalised as part of the project finance arrangements – subject to both project approval by the Norse Group Board and capitalisation tests.

Despite the absence of large additional turnover ‘blocks’ attributed to new joint ventures, various areas of smaller growth are assumed. These include:

	Assumed Revenue Growth	Assumed Trading Profit	
Entity	£k	Margin	£k
NCS: Infinity (mainly existing customer growth)	1,000	10%	100
NCS: TFM (mainly existing customer growth)	1,000	5%	50
NCS: NAbLe (growth through Alliance Norse JV)	500	10.6%	53
Norse Consulting Group (mainly through existing customers)	2,151	6%	129
Total	4,651	-	332

NCS will focus on the growth of its wholly owned brands by expanding relationships with existing customers. This reflects the Group’s strategy and is an important preparatory step for long-term growth.

Growth assumed for Norse Consulting Growth is largely derived from the project pipeline of existing customers. This includes traditional property management professional services and advisory services. The company will look to increase margin by adjusting its cost base in-year, pursuant to the longer-term Group strategy.

Norse Care will focus heavily on reducing agency staff costs. A national trend post the COVID-19 pandemic has been staffing shortages across the care sector, with providers relying heavily on the use of agencies. Norse Care will reduce its reliance on the use of agency staff through targeted recruitment and retention activities.

During the year a number of strategic actions will also continue to be progressed as part of the Group’s Foundational Strategy. These include:

1. The ongoing implementation of the Norse Group People Strategy: keeping our staff at the heart of our business ensuring sound recruitment and retention
2. The ongoing strategic review of our Group values, culture and brand: engaging staff across the Group at all levels to devise a brand built upon a values-based culture in support of our aim ‘Improving People’s Lives’
3. Enhancing the Group’s ESG strategy, with a particular focus on a plan towards ‘Net Zero’: devising and implementing our outline strategy towards Net Zero in 2050
4. Developing an accommodation strategy for our head office: ensuring we can provide a workplace fit for modern working styles
5. Improving our core back-office systems: replacing both our finance and HR systems
6. Reorganising Norse Consulting Group: moving to a consultancy-based business with modern solutions for property sector challenges
7. Enhancing our Group Sales function: developing our longer-term ‘go-to-market’ strategy utilising the resources and capabilities of the entire Norse Group,
8. Reorganising NorseCare: devising our business model to meet emerging changes to the care market over the next decade
9. Evolving our Governance to support business change: ensuring oversight, scrutiny and support as the Group delivers the Foundational Strategy

Whilst all these actions will require dedicated focus, particular Group effort will be dedicated to the replacement of the core back-office systems. The intention is to replace both finance and HR systems in order to ensure the Group can continue to grow quickly and easily from FY 2024/2025 onwards. ‘Project One’ will commence in period 1, running through to period 12.

Overall, whilst Group revenue reduces by £5.9 million compared to FY22/23, trading profit increases by £1.6 million (from £4.5m to £6.1m). This, combined with cash headroom growing from £6.6m to £8.9m (i.e. positive balance above overdraft facility), leaves the Group in a strong position for growth from FY24/25 onwards.

3. INTRODUCTION

OUR PURPOSE

Our aim is to improve people's lives.

As the largest local authority trading company (LATCO) in Britain, ensuring we put people at the heart of what we do is integral to the ethical value proposition for our stakeholders and shareholder.

Our current Group business activity, and our growth over the next five years, will centre on the provision of services in support of communities across England, Scotland, and Wales. Our staff are from these communities and will be based within them, working as part of Norse Group to help improve people's lives.

We will seek to work with unitary, county, and district councils along with clients from the education, care, NHS, and charitable sectors.

Providing employment and career opportunities in the locations we operate in is a key element of what Norse Group does; and in this way adding to local investment in local economies.

Through the three main trading divisions of the Group, Norse delivers a wide range of services.



- **NORSE COMMERCIAL** provides essential frontline (including statutory) services for councils which include:
 - **Environmental Services**, such as domestic refuse collection and street cleansing
 - **Facilities Management**, incorporating building maintenance of estates and public spaces or cleaning, catering and grounds maintenance
 - **Highways' maintenance**



- **NORSE CONSULTING**, our property management company, provides services focused on:
 - Estate Management
 - Surveying
 - Architecture and Design
 - Project advisory and management services



- **NORSE CARE** has 21 residential homes and supports a further 15 housing with care schemes, with more than 1,500 beds throughout Norfolk and into Suffolk.

Its services incorporate:

- Residential and enhanced care
- Dementia care
- Nursing with care
- Housing with care support

Our Group service portfolio and public sector ethos allows us to focus upon ensuring the safety of the people who live within the communities we serve.

We do this through the delivery of high quality and regulated statutory building maintenance tests across housing and local authority portfolios; CCTV monitoring services; static guarding; and by providing essential maintenance services for the NHS and fire and rescue services.

We will continue to demand the highest safety standards are met within our own operations, protecting the health and wellbeing of our dedicated staff.

Our aim is to continue to offer our services in an increasingly integrated delivery model, underpinned by a culture of long-term partnership working and ethical profitability for local communities.

These priorities will build durability into our services in three ways:

- 1) Providing services of consistently high standards, monitoring customer satisfaction
- 2) Generating ethical returns for partnering customers and our shareholder. Margins may be lower than market on an annual basis, but we will seek longer-term relationships which benefit us over time as we further embed our services in the location in which we operate
- 3) We will seek to invest in our people. They will continue to be our biggest market differentiator. By ensuring our staff feel valued and engaged we will retain them in the longer-term. This will drive service standards and facilitate professional development and increase the skills base of those living within local communities.

OUR VALUES

Our Group values are **QUALITY, INNOVATION, RESPECT and TRUST.**

They have served us well and will continue to do so over the next five years. We will work with our staff to ensure our values remain relevant and translatable to all parts of the Group, regardless of changes within our operating markets or service mix.



QUALITY

Quality must be built in to all that we intend to do. Whilst our customer base is sensitive to price, high quality services will remain a pre-requisite requirement.

This is an important differentiator for our Group; we will not sacrifice quality due to a short-term view on contract terms, an approach commonly seen within the marketplace, taken by larger competitors who operate traditional transactional contracting business models.

We will continue to build quality into our services with a deep understanding of our customer's requirements, having the right knowledge and skills mix to discuss and negotiate contracts, and maturing our integrated management systems (including quality management system elements) across our Group and its processes.



INNOVATION

Innovation will be key to our growth plans over the next five years. Our customers and staff will drive this and listening to them will help shape our innovative approach.

Flexibility in working arrangements, alternative service delivery models, solutions to net zero carbon goals, and an increased demand for data driven decision making, are likely to be the drivers for our innovative approach.



RESPECT AND TRUST

As part of our five-year plan, we will challenge the way we work

Ensuring that our staff respect and trust each other and demonstrate this every day, in how they behave towards colleagues and our clients, is an essential to forming teams that perform at their optimum.

It is a clear indication of a positive and sustainable organisational culture, which is imperative in ensuring we retain the right staff and that we attract the best talent as we grow. By ensuring trust and respect

are 'lived' values demonstrated by all our staff, our business will continue to grow and succeed.

Long-term partnering arrangements, alternative models of delivery, and high-quality frontline services managed on behalf of councils, requires strong organisational relationships based upon respect and trust. Embedding these values in what we do will ensure our wider culture positively aligns with that of our customers.

OUR APPROACH

The wider group approach to delivering services for customers will become increasingly important, and thus valuable, as we seek to differentiate our offering in the marketplace.

As the largest LATCO in Britain, sound governance, corporate social responsibility (with an increasing focus on environmental performance) and clear communication with our stakeholders regarding the value we generate for them is essential in ensuring we are trusted and respected by our customers.

Improving the lives of those living where we operate means we must seek to engage and support communities. We will do this through our Corporate Social Responsibility Strategy (ESG) which aims to create social value in addition to profit.

A particular focus of our ESG Strategy will be the continued drive towards net zero carbon emissions by 2050. Reducing the impact of our services on the environment means we will positively support similar actions of those living in the communities we serve. The next five years will see us develop further our ESG Strategy and continue our net zero journey.

To support this, we will monitor and report our ESG activities, reporting back to stakeholders on a triple bottom line basis providing data transparently to facilitate independent review and scrutiny of our performance.

Good governance and a strong ESG Strategy will complement our approach to enduring relationships with customers, built on our values to generate and share ethical profits.



8,750

staff whose stated mission
is to improve people's lives



4. CLIENTS AND MARKETS

We will continue to operate and grow within our current markets over the next five years.

We will also look to expand into Tier one government markets - central government departments such as the Ministry of Defence and Ministry of Justice - as part of our long-term growth strategy.

We will continue to use our three main trading areas to deliver services but will increasingly market and sell services as “Norse Group” to offer a more integrated single service offering.

Our main markets and customers are:

LOCAL AUTHORITIES:

We will continue to work with district and county councils. Historically, our clients have been primarily district councils, but in more recent years we have begun to attract more unitary councils. We will use our unique and successful Teckal compliant, joint venture, service delivery model within the local authority market.

CARE SECTOR:

This remains a key marketplace, and we must continue to adapt to meet the evolving demands of changing demographics and clients, as well as bringing together a wider set of solutions across the care lifecycle.

EDUCATION SECTOR:

Our main customers will continue to be junior, primary, secondary, and high schools. These will be under the control of either local authorities or Academy Trusts. We will also look to provide more services to both higher and further education markets, that is, colleges and universities.

HEALTHCARE SECTOR:

The Group currently provides services to a small number of NHS community hospitals, GP practices, and NHS Trusts. Customer numbers are small, and the range of services is limited by type and contract length. Our aim over the next five years is to grow into this market, identifying relevant segments as the right opportunities to develop long-term relationships.

SOCIAL HOUSING:

Current clients include Registered Social Landlords (RSLs) and Housing Associations. This market is complimentary to the housing stock services we provide on behalf of several of our joint venture council partners. We will continue to work in this market as the national demand for social housing continues.

CHARITABLE SECTOR:

Over the next five years we will seek to work with large charities (financially sound), preferably of national scale, allowing us to deliver services across the geographical spread of our Group. This market is seen as largely unattractive to our competitors but is a good fit for Norse Group as it aligns with our aims, values, and ethical philosophy on profitability.

PRIVATE SECTOR:

We will continue to work within the private sector on an opportunistic basis where we see a specific fit for our services, values, and culture. We will work with those who want to work with us in a long-term strategic, partnering model. We will only take transactional work if entry costs are low, and margins are strong. We will not bid for work where we compromise our values or standards to achieve the right tender price.

The table in Appendix one reflects a high-level summary of Norse Group services / client fit.

5. DELIVERY OF THE STRATEGY

The business plan will be delivered as a product of successfully implementing the Norse Group Strategy.

Implementation will depend upon three key elements:

- 1) Clear, simple, goals
- 2) A deep understanding of our markets and customers
- 3) An objective appraisal of Norse Group resources

CLEAR, SIMPLE, GOALS

It will be essential to communicate our strategy to staff and our stakeholders clearly and simply, setting measurable goals.

This requires a Communications Strategy to ensure our messaging is consistent, clear, pertinent to the target audience(s), and timely. In doing this, we will align with our People Strategy – engaging and motivating our staff to help deliver common, defined, goals for a clear purpose. These will tie-back to Norse Group’s overall aim - **improving people’s lives.**

UNDERSTANDING OUR MARKETS AND CUSTOMERS

Our markets will remain broadly similar over the next five years.

We will continue to work in the local authority market, education sector, healthcare, and charitable sectors.

We intend to expand into the central government marketplace in the latter part of our implementation plan, that is in year four.

As we currently do, we will be opportunistic in the private sector as the right opportunities present themselves.

Norse Care will continue to offer its services to individual private clients as well as providing statutory care provision for Norfolk County Council.

We are confident that customers within our core markets will identify with our Group’s aims, and with our ethical values and ethos.

Our customers will respond well to high-quality professional relationships centred upon notions of long-term partnering, transparency, and ethical profitability - sharing this profit with our partners over a certain size / commitment threshold.

Staying informed about emerging market trends will be essential in delivering the strategy. The public sector market is likely to remain in flux over the next five years from both a policy and funding perspective.

The long-awaited ‘levelling-up’ agenda from central government, the Environment Bill, and social care reforms are three examples of significant change and challenge to which we will respond.

Staying abreast of how the challenges will impact our existing and potential customers will ensure our services remain relevant.

In support of the strategic prospects pipeline, we will continue to identify short-term, lower value, contract opportunities through our traditional Bid Team function. Careful selection of potential tender opportunities will remain a distinguishing characteristic of our approach.

We will continue to focus on opportunities for customers for whom we can deliver a quality solution, and who want to work with us. This approach will give us the best opportunity to seek contract extensions and variant bid models centred around long-term partnerships.

AN OBJECTIVE APPRAISAL OF RESOURCES

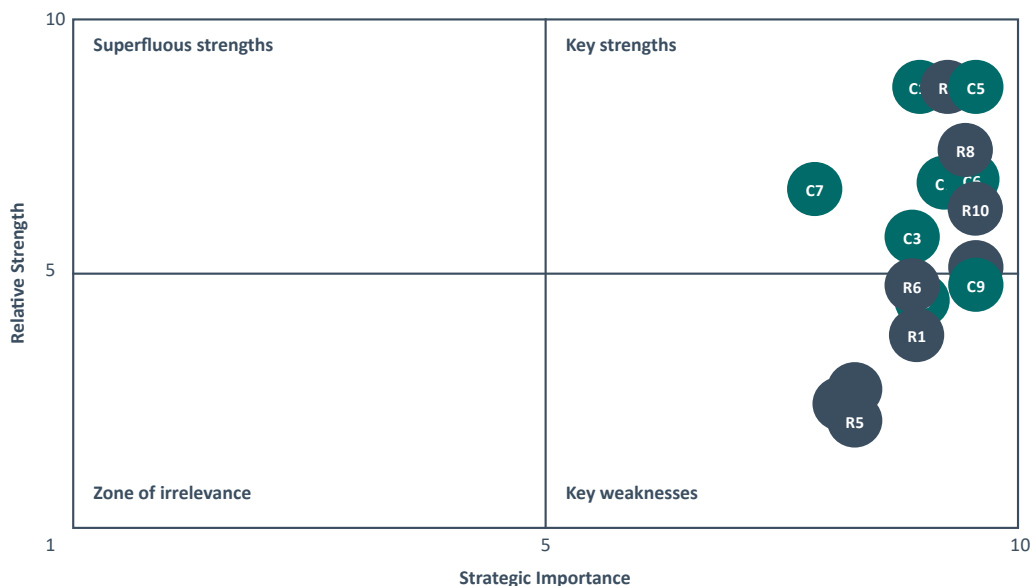
To deliver our business plan and Norse Group Strategy we must ensure we have an appropriate mix of resources and capabilities.

An initial analysis demonstrates that elements of the business will need to be improved to strengthen the Group value chain and optimise the strategy moving forward.

Appendix two includes an initial Norse Group resource and capability assessment. Resources and capabilities have been evaluated against a very broad comparison with other organisations competing in the same markets.

The strength and importance of each resource or capability has been ranked on a scale of 1-10. A score of five is broadly comparable to market. The results are presented diagrammatically in figure two.

Figure two: Norse Group resource and capability matrix



Key areas which are a focus for development:

BUSINESS DEVELOPMENT:

Develop strategic relationships with long-term, higher value customers. At the same time, ensure the traditional sales and bid team grow contractual sales based on a customer experience which lays the foundation for longer-term, partnering arrangements.

SUPPORT SERVICE PROCESSES AND SYSTEMS:

HR, Payroll and Finance services currently operate non-scalable processes and systems which the Group has outgrown in recent years. A review, re-design, and the subsequent implementation of a digital strategy will take place in FY23/24 to create more efficient ways of working. These will offer improved and more consistent levels of support, with the flex to better support business growth.

HR:

A People Strategy has been developed, and is currently being implemented. Successful implementation will be key to ensuring that we retain valued employees and attract the best new talent as we grow.

FINANCIAL STANDING:

To meet pre-qualification criteria for our longer-term strategic aims (partnership working with central government departments such as FM work with the MOJ, and partnership working with NHS Trusts, etc) it is likely that we will need to strengthen our financial position and balance sheet to ensure we are viewed as a financially safe partner. We will need to design and implement a Strategic Financial Plan over the next five years to ensure we can enter these markets and strategic relationships without undue concern regarding our financial standing.

PEOPLE

The Norse Group has a workforce of approximately 9,000 people whose stated mission is to improve people's lives.

Combined these people are the Norse Group's asset.

This strategy focuses on simple principles around how the Norse Group behaves, recruits, makes decisions, and operates through the actions of our leaders and managers.

Through this, we make the Norse Group a better place to work, where employees are engaged and not only able to do their job well but want to do their job well.

It is imperative that we can demonstrate to our staff that we will do all that we can to support and encourage them, improve their lives at work, building an organisation and culture that they are proud to be part of.

How different elements of the plan are implemented will vary cross the businesses, but there are several core areas of focus as part of the People strategy.

MANAGERS:

An employee's relationship with his or her direct manager is the most important single factor in employee engagement. But currently there is no agreed skillset for management and there is a need to offer managers better development and support programmes.

The basics of sound management are clear; objective setting, structured performance reviews, honest and open feedback and communication. Respected well-trained managers boost morale. Improved morale aids retention, and ultimately the performance of our business.

The short-term plan is therefore to improve the consistency of our managers' skillsets.

We want our managers to inspire employees, create trust and lead by example in line with the company's mission, vision and values.

VALUES AND CULTURE:

Belonging to the Norse Group and believing in its values is the long-term objective to that ensures the culture and engagement of staff is that which the group is aiming for.

Our values define our organisation, but these needs to be led from the top and owned by our employees.

We need our employees to translate and understand what the values mean to them both personally and professionally, turning them from mere words into actions and behaviours that they believe in.

Ultimately our values should be the touchstone of everything we do, and our employees should recognise this and are the building blocks that create the pathway for the culture and any changes to this.

COMMUNICATION:

Our strategic communications approach will ensure that we celebrate our successes, we promote and highlight our dedicated workforce, we message our ethical ethos and values-based approach, and, essentially, that we communicate our Norse Group Strategy.

Strategic communication within Norse has been recognised as needing development and resource.

A Communications Director will be appointed to devise, implement, and manage the Group's Communication Strategy which will be key in successfully engaging staff and wider stakeholders.

We will do this through clear, timely, concise, pertinent communications using various communication channels – to communicate with staff more readily across the Group.

SYSTEMS:

Systems underpin our processes and play an important role in the progress of this strategy.

Our Support Service processes have been reviewed. Project One will see the implementation of new HR and Finance systems which include simplified business processes. This will allow for numerous benefits, including ensuring managers can access data quickly - aiding quality decision making.

RECRUITMENT:

Since the pandemic, what employees seek and how they want to work has changed, and the UK employment market has become increasingly competitive as a result.

Now more than ever we must attract and retain individuals who will believe in the Group's values, who will work towards these and will embrace our mission to improve people's lives.

Improving every aspect of Norse's appeal to candidates, ensuring their experience of Norse from the outset is what they experience when they arrive, as well as ensuring that staff are developed to continue their journey with Norse, is key.

LEARNING AND DEVELOPMENT:

The Norse Group needs to accelerate its programme of continuing professional training & development and encourage staff to be passionate for their own personal improvement. Without doubt, talent already exists within the Norse Group - giving people the chance to grow is one of the most rewarding things we can do.

Providing opportunities for people to move up, or across functions, can enhance employee performance and improve retention. We will do this by:

- Developing and implementing a well-designed and targeted learning and development framework, aligned with our strategic priorities supported by regular career conversations
- Providing access to professional support, such as coaching, mentoring, role modelling and senior sponsorship
- Increasing our utilisation of the apprentice levy.

HEALTH AND WELLBEING:

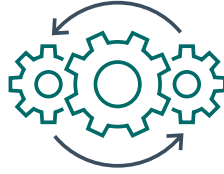
Norse is committed to ensuring that we keep our employees safe and well, physically, and emotionally.

One of our commitments to wellbeing is that we are looking to achieve accreditation to the Workplace Wellbeing Charter which provides a national accreditation for organisations which are committed to improving the health and wellbeing of their workforce.

The Charter is built on a solid framework which will drive us to have every aspect of the workplace wellbeing covered.

SYSTEMS, PROCESSES AND TECHNOLOGY

Over the term of this business plan, the focus is on three key areas:



1. BACK OFFICE SOLUTIONS

Maximise integration, automation and the value of information captured with a single point of entry/action for users that drives efficiency across the business.



2. INFRASTRUCTURE

Ensure robust, secure, but flexible working solutions that can adapt to the requirements of the business over time.



3. OPERATIONAL SOLUTIONS

Develop a suite of preferred solutions that maximise service delivery and the latest developments - integrated into the wider system landscape.

1. BACK OFFICE SOLUTIONS

These sit within the Core Systems category covering all People and Finance related processes and requirements of the Group.

Project Viking reviewed the Group's various processes and platforms with the aim of selecting a preferred approach/project transitioned into Project One in 2022; it is the delivery project which will implement new systems.

		PRIME	FY23	FY23	FY24	FY24	FY24	FY24	FY25	FY25	FY25
PROJECT ONE											
Programme Management	Norse										
Change Coordination	Norse										
PROJECT ONE: FINANCE											
Phase 0: Vision	KPMG										
Project & Change Management	Norse										
Data Cleanse & Migration	Norse										
Core Finance	KPMG										
Integration	KPMG										
Managed Service	KPMG										
Optimisation	KPMG										
PROJECT ONE: HR & PAYROLL											
Project & Change Management	Norse										
Phase 0: Preparation	Norse										
Phase 1: Pre employment checks & Engage (E/E Comms)	AccessHR										
Phase 1: Recruitment & Case Management	AccessHR										
Phase 1: Core HR System inc integrations	AccessHR										
Phase 1: Reward Simplification	Norse										
Phase 1: Role of Line Manager	Norse										
Phase 2: Payroll System inc data migration	AccessHR										
Phase 3: Learning System	AccessHR										

The current complexity of systems is difficult to comprehend – with a large network of systems and integrations.

The primary project aim is to leverage best practice processes within modern platforms and adopt the most suitable of these as the preferred 'Norse Way'. This approach will be supported by the selected systems that enable access to information in a highly accessible way.

Whilst a single solution to any process is not expected to fit all the needs of the Group, it will improve current performance considerably by removing manual inefficiencies.

At the end of Project One, the aim is to consolidate as many of the existing systems as possible, maximising integrations, the benefits of automation and workflow but also ensure that the value of information captured can be used by the business for operational / management decisions.

Project One will be a significant investment in the business, with implementation costs of up to £10m. Whilst significant longer-term back-office efficiencies are expected, there are wider more indirect efficiencies expected in terms of staff engagement, retention, and development as well as improved operational efficiencies.

2. INFRASTRUCTURE

The primary focus is to ensure robust and secure solutions that continue to support the changing (and flexible working) solutions needed by the business that can adapt to the requirements of the business over time.

Security

As the business increasingly moves towards digital systems, including its core systems, the potential impact of a successful attack is increased.

The Group has secured Cyber Essentials Plus security rating and continues to review its security arrangements. Penetration testing is part of this, but in a world where technology and ways of working continually change, this is a moving target which remains a priority focus.

Ways of Working

The group has until recently operated a predominantly office based, desktop environment.

As the needs of the business increasingly move to mobile access, flexible working from different devices / access points and cloud based platforms, a review of hardware requirements will be required.

Increasingly options outside of the traditional model are being assessed, along with the security implications, to ensure they can match the business needs and employee's desire for different ways of working.

3. OPERATIONAL SOLUTIONS

Outside of the 'core' systems, these are the largest and most diverse set of systems which given the diverse nature of the Group's services, require a wide range of solutions to support them. Noted as 'Secondary' in the overall strategy they are critical for operational management of our services.

Historically the Group has taken on client systems which has resulted in a broad landscape of systems, often with different systems of similar capability, but which may not be fully integrated with the Core Systems and thus of limited benefit. Broadly 80% of the business operates on c.10 key operational platforms, with a significant tail of smaller systems.

The primary focus is to develop this suite of preferred solutions to maximise their value and use the latest developments from platforms – but ensure these integrate into the wider system landscape to leverage the full benefits.

Changing our ways of working

Changes to the platforms used in operations requires consideration of how operations are managed.

Digitalisation of services requires different skills and managing this change is often more challenging than implementing the system.

Resource has been brought into the IT team to enable greater business partnering to help identify the processes and needs for change alongside the business, but also the benefits of platforms and ensure that the most appropriate are selected.

The training and focus on learning and development noted within the People strategy supports the changing skill needs of the business.

6. KEY STRATEGIC RISKS



THE PEOPLE CHALLENGE

The current environment has created real pressure recruiting and retaining the resources the business needs.

Ensuring that the Group can adapt to the changing expectations, be it from flexible or other ways of working to the work environment itself, rewards and benefits, and the culture and approach of managers are all key to ensuring that the Group can secure the resources it needs to deliver its frontline services and to develop and grow.



CYBER SECURITY

The ever-present threat of hacking and potential introduction of viruses, when the business is increasingly moving to a digital model means that the impact of such an attack, if successful, is ever increasing.

Whilst Cyber Essentials has been obtained, and external security advice and penetration testing is undertaken, this remains a priority due to the severity of any successful attack. Disaster Recovery and the Group's defences against attack are a constant area of review as a result.



CONSULTING

The property consultancy business of Norse has seen notable change in client expectations in recent years, but also more recently caused by the volatility of capital projects driven by the challenges of the pandemic.

With an increasing focus on carbon neutral, Net Zero is an opportunity, but while also being a risk if the business doesn't ensure that it adapts to the changing needs of clients.



DEFINED BENEFIT PENSIONS

The group continues to accommodate defined benefit pensions because of its commitments to date. These pensions incur significant additional costs and the liabilities in respect of these can move significantly.

Ensuring these are appropriately managed to reduce the risk of any adverse impact is a key priority. While these commitments remain however, there will continue to be a significant financial risk as a result.

7. THE ROLE OF THE BOARD

The Board is responsible for:

- creating and delivering sustainable shareholder value through the management of the Group's businesses
- determining the strategic objectives and policies of the Group to deliver such long-term value, providing overall strategic direction within a framework of risk appetite and controls
- ensuring that management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives
- demonstrating ethical leadership and promoting the company's values, culture and behaviours and acting in a way that promotes the success of the company for the benefit of our shareholder
- ensuring management maintains systems of internal control that provide assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations
- ensuring management maintains an effective risk management and oversight process at the highest level across the Group

- having regard for what is appropriate for the Group's business and reputation, the materiality of the financial and other risks inherent in the business and the relative costs and benefits of implementing specific controls
- deciding other matters of importance which would be of significance to the Group as a whole because of their strategic, financial or reputational implications or consequences.

Specific key decisions and matters have been reserved for approval by the Board. These include decisions on the Group's strategy, approval of risk appetite, capital and liquidity matters, major acquisitions, mergers or disposals, Board membership, financial results and governance issues, including the corporate governance framework

THE VOTING RIGHTS OF DIRECTORS

- Non-executive Directors (NCC Officer or Member) - seven votes each
- Independent Non-Executive Directors - one vote each
- Executive Directors - one vote each

Whoever chairs the Board has a casting vote.

OUR BOARD MEMBERS



Andy Wood
Chair



Justin Galliford
Chief Executive
Officer



Zoe Repman
Chief Financial
Officer



Andrew Proctor
Non-Executive
Director



Brian McCarthy
Non-Executive
Director and
Audit Committee
Chair



**Craig Dearden-
Phillips**
Non-Executive
Director and
Remuneration
Committee Chair



Lord Gary Porter
Non-Executive
Director

BOARD ADVISORY COMMITTEES

Particular Board responsibilities are referred to the following Board advisory committees:

- Audit Committee
- Remuneration and Nomination committee

This structure allows particularly detailed or complex matters to be given special scrutiny and oversight.

Except where decisions are specifically delegated, each committee reports and submits recommendations back to the Board for its review and, where necessary, decision.

Each committee operates within clearly defined terms of reference, which are reviewed annually by the relevant committee, and, if necessary, approved by the Board to ensure they remain appropriate and reflect any changes in good practice and governance.

The Group's **Audit Committee** provides effective governance over the appropriateness of the Group's financial reporting, and the performance of both the internal and external audit functions. The committee also oversees the Group's internal control systems, business risks management and related compliance activities.

The **Remuneration and Nomination Committee** evaluates the composition, diversity, experience, knowledge, skills and independence of the Board and its committees. This allows the appropriate balance to be maintained and ensures the continued effectiveness of the Board.

The committee also ensures that appropriate succession plans for the Non-Executive Directors, Executive Directors and the Group's senior management are also kept under review, taking into account the challenges and opportunities facing the Group, and the diversity, skills and expertise that are therefore required in the future.

The Group's committees are chaired by a Non-Executive Director and directly report back to the Norse Group Board.

SHAREHOLDER'S COMMITTEE

As part of its governance of the Norse Group, Norfolk County Council appoints a member to represent its interest as shareholder. The Shareholder Representative is invited to all company board meetings and the company's annual general meeting.

In addition, the Group is monitored by a County Council Shareholder Committee, which supports the development of the Group and provides feedback to the council on decisions made by the Board.

The Shareholder Committee considers all the matters reserved for shareholder approval and the Shareholder Representative then takes the committee's recommendations to the shareholder for final agreement.

The Shareholder Committee meets quarterly and regularly receives updates on financial performance and business development opportunities.

KEY PERSONNEL

To direct and support the day to day activities of the Group, the Senior Executive Team is responsible for executing the Group's objectives, strategies, tactics and activities along with upholding the Group's values and strong culture and ethos.



£2.65m

return to our shareholder

8. FINANCIAL PROJECTIONS

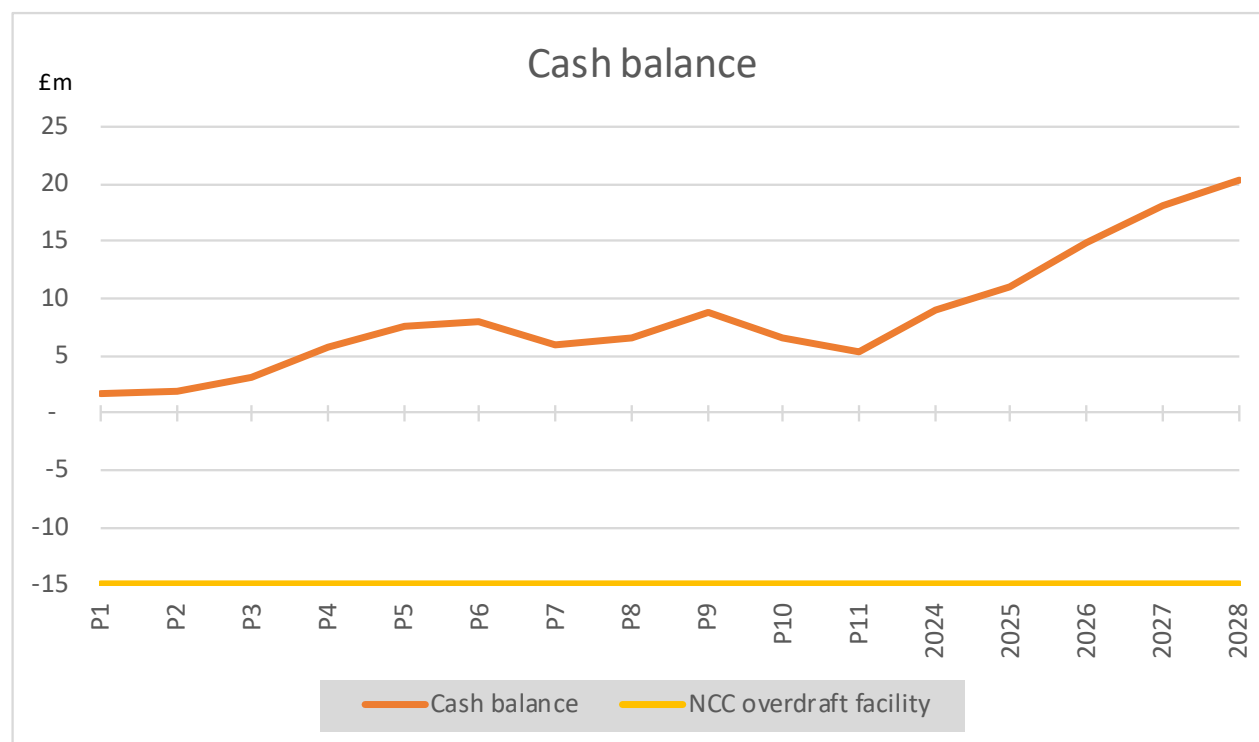
BUDGET & FIVE YEAR PLAN

£m	FY24	FY25	FY26	FY27	FY28
Revenue	348.4	366.1	390.9	413.9	438.2
Gross profit	79.5	86.0	90.9	94.0	97.6
EBITDA	16.3	20.3	22.6	23.0	23.7
Depreciation	(8.9)	(10.9)	(10.8)	(8.8)	(7.5)
Net interest payable	(1.2)	(1.5)	(1.4)	(1.4)	(1.4)
Trading profit	6.1	7.9	10.4	12.8	14.8
<i>Trading profit %</i>	<i>1.8%</i>	<i>2.2%</i>	<i>2.6%</i>	<i>3.1%</i>	<i>3.4%</i>
Net tax payable	(0.4)	(1.1)	(1.7)	(2.3)	(2.8)
Profit after taxation	5.7	6.8	8.7	10.5	12.0
Rebate - partnerships	(2.9)	(3.0)	(3.1)	(3.4)	(3.7)
Retained profits pre rebate	2.9	3.8	5.6	7.1	8.3
<i>Retained profits pre rebate %</i>	<i>0.8%</i>	<i>1.1%</i>	<i>1.4%</i>	<i>1.7%</i>	<i>1.9%</i>
Rebate - NCC	(2.7)	(2.9)	(3.2)	(2.8)	(3.6)
Retained profits post rebate	0.2	1.0	2.4	4.3	4.8

£m	FY24	FY25	FY26	FY27	FY28
Profit pre rebate	2.9	3.8	5.6	7.1	8.3
<u>Rebate to NCC</u>					
Fixed annual value	2.7	2.7	2.7	2.7	2.7
Variable: based on 25% of pre rebate profit	0.1	0.3	0.7	1.1	1.4
Less: growth capex (e.g.)		(0.1)	(0.2)	(1.0)	(0.5)
Total NCC rebate	2.7	2.9	3.2	2.8	3.6
Profit after rebate	0.2	1.0	2.4	4.3	4.8

TRADING PROFIT BY DIVISION

	FY24	FY25	FY26	FY27	FY28
NCS Contracts	3.9	4.3	5.4	5.7	5.9
NCS Partnerships	4.9	5.4	5.4	6.1	6.7
Norse Consulting Group Ltd	1.8	2.8	3.0	3.4	3.7
NorseCare	(1.2)	0.9	0.9	0.9	0.9
Business Support	(4.0)	(5.7)	(4.8)	(3.6)	(3.1)
Norse Group Holdings	0.6	0.4	0.4	0.4	0.7
Group	6.1	7.9	10.4	12.8	14.8
Cash headroom post additional NCC rebate	8.9	11.1	14.9	18.2	20.3



CASHFLOW FORECAST

£m	FY24	FY25	FY26	FY27	FY28
Cash inflow from operations	17.7	13.7	15.1	15.6	15.1
Interest paid	(1.2)	(1.5)	(1.4)	(1.4)	(1.4)
Taxation	(1.8)	(0.7)	(1.4)	(2.0)	(2.5)
Net capital expenditure	(15.5)	(8.6)	(7.2)	(8.0)	(7.5)
Cash inflow/(outflow) pre debt movements	(0.9)	2.9	5.1	4.2	3.6
Movement in net debt	3.1	(0.7)	(1.3)	(0.9)	(1.5)
Total cash inflow/(outflow)	2.3	2.2	3.8	3.3	2.1
Opening cash	6.6	8.9	11.1	14.9	18.2
Closing cash	8.9	11.1	14.9	18.2	20.3
Movement	2.3	2.2	3.8	3.3	2.1

APPENDIX ONE - NORSE GROUP SERVICES AND CLIENT FIT

	LOCAL AUTHORITIES					EDUCATION			HEALTHCARE				
	Parish Councils	District Councils	County Councils	Unitary Councils	Social Housing	Schools	Colleges	Universities	Community Hospitals	NHS Trusts	Charitable Sector	Private Sector	Central Govt. Depts.
Cleaning		X	X	X	X	X	X	X	X	X	X	X	X
Catering						X	X	X	X	X		X	
Portering		X	X	X			X	X	X	X		X	
Grounds	X	X	X	X	X	X	X	X	X	X	X	X	
Transport						X	X				X	X	
Building Maintenance	X	X	X	X	X	X	X	X	X	X	X	X	X
Printing	X	X	X	X		X	X	X		X	X	X	
Security, Fire and Alarms		X	X	X	X	X	X	X	X	X	X	X	X
Assistive Technologies		X	X	X	X				X	X	X	X	
Environmental Services	X	X	X	X		X	X	X	X	X	X	X	
Highways Maintenance			X	X									
Housing Repairs		X	X	X	X								
Advisory Services		X	X	X	X			X		X		X	X
Building Design Services		X	X	X	X	X	X	X	X	X	X	X	X
Estates Management		X	X	X	X	X	X	X	X	X	X	X	X
Adult Care		X	X	X	X				X	X	X	X	

APPENDIX TWO

- RESOURCE AND CAPABILITY ASSESSMENT

		Importance ¹	Relative strength ²	Comments
RESOURCES				
R1	Finance	8	4	Norse Group retained profit margin of approx. 2%. This is below market average – strategy is to target minimum 3%.
R2	Assets	7	3	Balance sheet strength is considerably less than competitors due to private ownership. Accordingly, accessing capital is not as quick to achieve as competitors. Current balance sheet strength restricts Tier 1 (Central Gov.), NHS trusts, and larger charity opportunities (albeit these are not envisaged within the Group's strategy for three to four years)
R3	Support Service Processes and systems	7	3	HR, Payroll and Finance currently operate non-scalable processes and systems which the Group has outgrown in recent years. These are facilitated by various applications with several bespoke integrations.
R4	HR	7	4	People Strategy has been developed and must now be implemented to ensure Norse Group retains talent, attracts new talent, and delivers overall Norse Group Strategy.
R5	Line of Service Technology	7	4	Increasingly complex variety of applications, individual to joint ventures, businesses, and operating divisions. Hard to achieve full integration with core business applications and easily produce integrated management information. Varying adoption of mobile workflow applications and hardware across Norse Group.
R6	Location	8	4	Norse Group has operations across England. Limited presence in Wales and no presence in Scotland.
R7	Reputation	9	8	Norse Group reputation is strong within the joint venture market (local authorities). Well-known for collaborative partnership working. Whilst also established in private sector, much less so than key competitors.
R8	Brand	9	7	Brand affirmation across market sectors through soft marketing approaches. Norse Group branding is complex (multiple brands) and not as visible as competitors. Customer advocacy within market sectors due to careful selection of work which Norse Group can deliver sustainable margin and positive outcomes for partners.
R9	Culture	9	5	Norse Group's historic roots and local authority ownership enable it to be a knowledgeable, open and honest partner alongside its operational expertise and capability.
R10	Skills	9	7	Broad range of service specific skills, at varying management levels retained within Norse Group. Strong focus on staff retention, and internal "upskilling" via dedicated Skills Hub.

¹ Scales for importance and relative strength: 1 = very low, 10 = very high

² Resources and capabilities are compared with broad overview of competitors. 5 equals parity of strength

		Importance ³	Relative strength ⁴	Comments
CAPABILITIES				
C1	Financial Management	9	8	Strong reliance on traditional management accounting principles. Robust and prudent assessment of all new business opportunities (joint ventures and contracts). Strong governance controls in place to ensure approval is obtained from shareholder for key investment / borrowing requirements.
C2	Management Development	9	6	Strong ethos of internal recruitment and progression through management positions. Experience valued at equal parity with management qualifications. Staff retention closely monitored – monitored as a business KPI.
C3	Strategic Innovation	8	6	Successful use of Teckal compliant joint venture model with local authorities. Sometimes conservative in innovating through new ways of working / technical solutions.
C4	Comprehensive Integrated Management Information Systems	8	4	Management information produced varies in detail, quality, and ease of reproduction between joint ventures and operating divisions. Production of some Management Information can require considerable manual processing. This can impact on ability to produce information in a timely fashion, as well as on consistency of quality.
C5	Volume Driven Efficiency Generation	9	8	Cultural business approach centres upon volume driven efficiencies and savings as key unique service offering. Key business ethos used to establish long-term partnering relationships. Long-term relationships preferable to short-term, high margin work.
C6	Continuous Improvement in Operations	9	6	Improvements can be deemed as efficiency saving, due to strong business ethos (as C5). Not as quick as major competitors to identify capital dependant service improvements.
C7	Flexibility / Speed of Response	7	7	Norse Group approach to partnering requires strong level of flexibility. Sometimes this requires input / validation from multiple parties depending upon specific joint venture's / operating division's requirements). Decisions generally apace with response required by partners.
C8	Marketing: Brand Management	9	4	No defined Marketing Strategy. Consistent, subtle, brand affirmation through limited, marketing channels. Numerous Group brands – can be confusing for customers. No hard selling philosophy. Enduring relationships built gradually.
C9	Business Development	9	5	Business Development Director to be appointed, to develop relationships with potential customers for long-term, strategic value, and motivate sales team.

³ Scales for importance and relative strength: 1 = very low, 10 = very high

⁴ Resources and capabilities are compared with broad overview of competitors. 5 equals parity of strength



IMPROVING PEOPLE'S LIVES