

# Norse Group Board Q4 2023/24

## Held on Thursday 16 May 2024



### Attendees

Andy Wood	-	Chair, Non-Executive Director
Cllr Greg Peck	-	Non-Executive Director, Norfolk County Council
Craig Dearden-Phillips	-	Non-Executive Director, Norse Group Ltd
Brian McCarthy	-	Non-Executive Director, Norse Group Ltd
Lord Gary Porter	-	Non-Executive Director, Norse Group Ltd
Justin Galliford	-	CEO, Norse Group Ltd
Zoe Repman	-	CFO, Norse Group Ltd
Katie Marrison	-	Group HR Director, Norse Group Ltd

### Also in attendance:

Stuart McWilliam	-	Group Solicitor, Norse Group Ltd
Nick Maddox	-	Group COO, Norse Group Ltd
Paul Pawa	-	Group Strategic Development Director, Norse Group Ltd
Cllr Karen Vincent	-	Chair NCC Companies Governance Panel
Harvey Bullen	-	Director of Financial Management, Norfolk County Council
Elizabeth Mohr	-	Independent Consultant (Board effectiveness review)

The Chair welcomed everyone to the first Board meeting at Norse's new headquarter offices - Unity Place. It is noted that the aesthetic improvements made to the building have already added value to the premises.

Morale amongst staff has improved significantly.

The Chair welcomed Elizabeth Mohr to the meeting. Elizabeth will conduct a Board Governance and Effectiveness review, to be finalised in Autumn 2024. Non-Executives and Executives will be interviewed as part of this review.

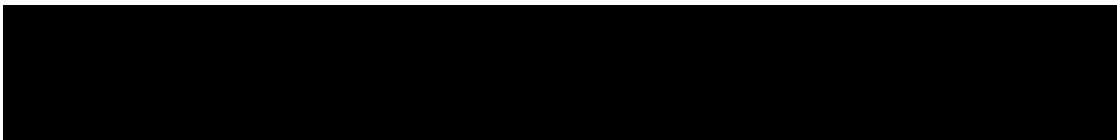
The Chair stated that he had attended the NCC Companies Governance Panel with the CEO and CFO and that the meeting was well attended and positive.

#### 1.0 Declarations of Interest

1.0 None to report.

#### 2.0 Minutes of the previous meeting

2.1 The minutes of the Norse Group Board Meetings held on 15 February 2024, [REDACTED] APPROVED.



### 3.0 Matters Arising

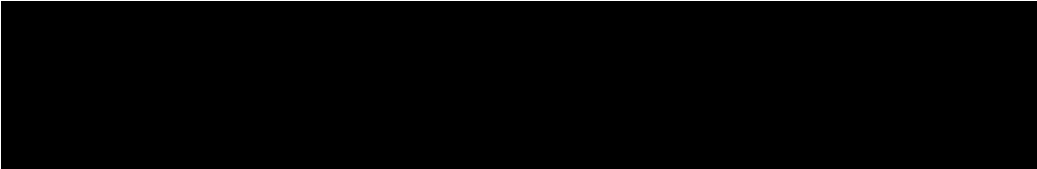
3.1 Nothing to report.

### 4.0 Chief Executive Report

4.1 The report was taken as read. The following is noted:

- Significant trends that have impacted performance throughout much of the year continue, including cost inflation, losses in home to school transport services and suppressed performance [REDACTED]
- Inflation pressures are not being supported by an uplift in contracts, creating problems with profitability and losses.
- Norse Consulting performed well during the quarter, delivering an EBITDA of £376k against a budgeted loss of (£345k). In general commissions have exceeded budget.

- NCC are looking to take in house the hard services element of the FM contract. This will take effect from April 2025 and will require a high degree of management time to ensure a smooth demobilisation and service handover to NCC. Profitability of this contract will be impacted and will equate to a decrease [REDACTED] of the TFM contract revenue
- It appears that reclaiming elements of the contract is due to NCC budgetary constraints rather than the nature of the contract.
- The Board are aware of the optics of NCC taking contracts in house.
- It was suggested that NCC moving contracts in house could result in a reduced rebate for NCC.
- The Shareholder representative stated that they were unaware that some services were being taken back and would investigate why this decision was made. **ACTION – Shareholder Rep**
- It was recommended that going forward, the Leader and Cabinet should be notified of any business decisions or changes to contracts that could affect Norse/NCC and the rebate payable.
- The relationship between Norse and NCC needs to be clearly identified. **ACTION**
- Project One is progressing well [REDACTED] Whilst there is a programme of work that is being actively followed, [REDACTED]
- Work regarding the Group's corporate structure continues ahead of the Procurement Act. [REDACTED]




- 
- TUPE and Pensions (LGPS) are currently being reviewed. Once finalised the Board will be informed.
  - Norse are moving towards high compliance of the Act and will be ready for October 2024 when the Act is enforceable. It is noted that existing contracts will have Grandfathered rights and will not be affected by the October introduction date.
  - Discussions around an early exit of the IAAN continue, with Norse keen to hand back the building sooner than 2026.
  - The Audit Committee Terms of Reference are being reviewed.
  - The Chair stated that he would like an assurance report from the Audit Committee to be supplied with the quarterly Board papers. **ACTION**
  - NorseCare deep dive to be conducted at 25 June Board meeting.
  - JV contracts deep dive to be conducted at 16 July Board meeting.

The Board **AGREED** to note the report.

## 5.0 Finance Report

5.1 The report was taken as read; the following is noted:

- The last quarter of FY24 has achieved an EBIDTA of £2.4m, £0.5m behind budget and £2.3m lower than Q4 of the previous year.
- Overall Business Support costs are higher than budget by £0.4m. The CFO will provide a deeper breakdown of the Business Support costs. **ACTION**

- 
- Barclays term loan of £5.3m associated with Norse Energy was repaid April 2023 and the final payment for the MRF/NEWS loan was made in March 2024.
  - At Year End £1.5m of the NCC working capital facility was drawn.
  - Funding of  for the investment of Project One is in place. As at Year End  has been drawn.
  - It is noted that there are no substantial debts from any customer.
  - The CFO will speak with Harvey Bullen regarding outstanding NCC debts.
  - The CFO stated that whilst there are some problem areas, the underlying business is strong with the Group working to improve the cash perspective.
  - Project One will deliver savings, particularly impacting Business Service/Support costs.
  - The Chair reiterated that Norse should not pursue JVs that are not profitable.

The Board **AGREED** to note the report.

## 6.0 Group Operations Summary

- 6.1 The report was taken as read. The following is noted:
- Discussions continue regarding the demobilisation of Newport Norse (December 2025) and Uttlesford Norse (March 2025) Newport Norse JV could potentially be extended to April 2026, although this has not been confirmed.
  - The JV Governance review is complete and will be circulated to the Board. **ACTION**
  - HBS OD and geotechnical services have been removed which will reduce costs, however HBS need to be more aggressive in its cost mitigation plans.
  - Architectural team is being assessed
  - NorseCare require an increase in private bed sales. The Executive should explore the possibility of recruiting an individual that specialises in marketing and selling private care beds. **ACTION**

6.2 The Board **AGREED** to note the report.

## 7.0 Shareholder Governance Report

7.1 The report was taken as read

7.2 The Board **AGREED** to note the report.

## 8.0 SHEQ Report

- 8.1 The report was taken as read. The following is noted:
- Risk and Resilience Manager is working on the Risk Register.
  - An occupational health manager has been employed for the Group. This appointment has enabled Norse to conduct occupational health assessments 'in-house' thus cost saving by not outsourcing to a third party.
  - A significant piece of work has been completed around the Group Net Zero strategy 2050. Included in this is work covering energy consumption and how savings can be made. A new gas contract started in April with an expected annual saving of £178k, and a new electricity contract starting in October, will have expected savings of £500k per year. The Group's expertise in this area is being used across consulting and can be sold to the wider market.

8.2 The Board **AGREED** to note the report.

## 9.0 Strategic and Business Development

9.1 The report was taken as read. The following is noted:

- Norse rebrand launch was successful. Feedback from the business and clients is overwhelmingly positive.
- ‘Design for Life’ report launch at the House of Lords was a success.
- LGA launch event taking place in July 2024.
- A potential partnership with Southwark, to deliver community equipment and home to school transport is at the due diligence phase. This partnership could have a value of £8m. Norse will be presenting to Southwark in early June. More details, when available, will be provided to the Board. **ACTION**
- The Board questioned if home to school transport, a high-risk venture, particularly in London, was beneficial to Norse. Paul Pawa stated that Norse would be well protected in the home to school contract.
- The Executive agreed to establish a clear plan on what work they will and will not undertake in JV contracts, particularly home to school transport. This plan will be presented to the Board. **ACTION**
- The Chair stated that it was encouraging that the pipeline reflects the movement of contracts from start to finish.
- ‘Inside Norse Podcast’, an external facing podcast series of interviews focussing on the positive inside workings of the Group - Paul Pawa will share the podcast link with NCC Companies Governance Panel Chair, Karen Vincent, so that it can be forwarded onto Councillors. **ACTION.**

9.2 The Board **AGREED** to note the report

## 10.0 People Report

10.1 The report was taken as read. The following is noted:

- The amendments to the Whistleblowing Policy are APPROVED and AGREED.
- The amendments to the Remuneration Policy are APPROVED and AGREED.
- It is noted that the Chair found the graphics used in the reports helpful.

10.2 The Board **AGREED** to note the report

## 11.0 Communications Update

11.1 The report was taken as read. The following is noted:

- Marketing and Comms team are looking to use Norse platforms to push the staff survey, rather than using a third-party provider.

11.2 The Board **AGREED** to note the report.

## 12.0 Legal and Governance Update

12.1 The report was taken as read. The following is noted:

- Work continues with Medway Council on the Medway Norse extension and contract revision (for FM, waste collection, street cleaning, grounds maintenance and SEN transport services).
- Following the recent Norse Group Property Board it was revealed that Pier Approach in Medway had been valued significantly less than expected: [REDACTED] It was agreed that the site will be revalued. **ACTION.** The Chair recommended using an established valuation company for site valuations. This will provide reassurance to both the Board and Shareholder.
- The Group Solicitor reminded the Board that Partnership authorities must ensure that Directors are aware of their statutory and legal obligations. **ACTION:** The Group Solicitor to develop and arrange a directors' duties training programme for directors of all companies within the Norse Group.

12.2 The Board AGREED to note the report.

### 13.0 Housing Growth Update

13.1 The report was taken as read. The following is noted:

- It is noted that the JV Partner of Mid Suffolk Growth Limited, Mid Suffolk District Council have agreed to allow Norse to exit the Joint Venture. This is a positive outcome for Norse.
- The allocation of the profit share is to be agreed.
- Issues remain with Babergh Growth partnership. Norse will prepare an insurance claim. Provisions have been made in FY24 accounts for losses associated with Babergh Growth [REDACTED]
- It is noted, that going forward housing developments will be discouraged.

13.2 The Board AGREED to note the report.

### 14.0 Project One Update

- 14.1
- People XD is live with training and support being offered to staff. To date feedback has been encouraging.
  - Communication to staff regarding rollouts has received positive feedback.
  -

### 15.0 AOB

15.1 A Norse Group Board workplan will be developed, with a six month outlook, to ensure that formal decisions can be timed and planned, ready for Board approval at the meetings scheduled. **ACTION**

I declare that these are the agreed minutes.

Chairman: 

Date: 14.08.24