

SHAREHOLDER SUB COMMITTEE
Tuesday, 15 January 2019 at 7.30 pm
Committee Room 1, Civic Centre

Members

Councillor Mark Ingall (Chair)
Councillor Joel Charles
Councillor Andrew Johnson
Councillor Danny Purton
Councillor Mark Wilkinson

AGENDA

1. Apologies for absence
2. Declarations of Interest

Councillors' declarations of interest (if any) in relation to any items on the agenda.
3. Minutes (Pages 3 - 6)

To approve the minutes of the meeting held on 11 December 2018.
4. Matters Arising

Any matters arising from the minutes of the previous meeting.
5. Sub Committee Work Plan (Page 7)

To review the Sub Committee's work plan
6. Operational and Performance Reports
 - a) Performance Reports and Balanced Scorecard (to follow)
 - b) Customer Service (to follow)
 - c) Risk Management (Pages 8 - 11)
 - d) Council Directors Quarterly Report (to follow)
7. References from the HTS Board
 - a) Appointment of Non-Executive Chair of HTS Group and Managing Director of HTS (Property and Environment) Ltd (to follow)

8. Reference from HTS (Property and Environment) Ltd
 - a) Updated Business Plan (to follow)
9. References from Cabinet
 - a) Creation of HTS (Housing and Regeneration) Company (to follow)
10. Matters of Urgent Business

To deal with any matters of an urgent nature.
11. Date of next meeting

3 April 2019.

**MINUTES OF THE SHAREHOLDER SUB COMMITTEE
HELD ON**

11 December 2018

7.30 - 8.45 pm

PRESENT

Sub Committee Members

Councillor Mark Ingall (Chair)
Councillor Danny Purton
Councillor Mark Wilkinson

Officers

Andrew Murray, Head of Housing
Adam Rees, Governance Support Officer

Additional Attendees

Michael Harrowven, Non-Executive Chair of the HTS (Property and Environment) Limited Board
John Phillips, Managing Director of HTS (Property and Environment) Limited

13. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Joel Charles.

14. **DECLARATIONS OF INTEREST**

Councillors Simon Carter and Bob Davis were both in attendance as members of the public. They both declared a pecuniary interest in Item 8a, Remuneration for HTS (Property & Environment) Board Members.

15. **MINUTES**

RESOLVED that the minutes of the meeting held on 25 July 2018 are agreed as a correct record and signed by the Leader.

16. **MATTERS ARISING**

None.

17. **SUB COMMITTEE WORK PLAN**

RESOLVED that the Work Plan be noted.

18. **OPERATIONAL AND PERFORMANCE REPORTS**

a) Performance Reports and Balanced Scorecard

The Sub Committee received a report which highlighted the operational and financial performance for HTS (Property and Environment) Ltd. The Company had achieved 100 per cent of its KPIs for June, July and August 2018 and an outturn of retained profit totalling £820,000 to 31 August 2018.

John Phillips, Managing Director of HTS (Property and Environment) Ltd, said that six of HTS' apprentices were coming toward the end of their apprenticeships. All six were being offered permanent roles.

In response to a question by Councillor Ingall, John Phillips said that HTS was on track to meet its target for profit from third party contracts for 2019/20. HTS had been awarded its first external contract and hoped to meet its profit target for 2020/21. HTS was only looking to secure low risk contracts at this stage.

RESOLVED that:

A The Sub Committee acknowledges the performance and financial position set out in paragraphs 4-14 as follows:

- i) HTS (Property & Environment) Ltd achieved 100 percent success rate for June, July and August 2018 against the suite of major and minor KPI's that govern the contract.
- ii) An outturn of retained profit totalling £820,000 to 31 August 2018.

b) Customer Service

The Sub Committee received a report which summarised HTS (Property and Environment) Ltd's complaints for August 2018. John Phillips explained that there was downward trend for complaints against HTS and that customer satisfaction was now at 98 per cent.

RESOLVED that:

A The Sub Committee notes the report and summary of complaints to the month of August 2018 as set out in paragraphs 2 - 6 as follows:

- i) HTS (Property & Environment) Ltd achieved a ratio of 0.88 percent against a total of transactions to August 2018 of 17,863.

c) Risk Management

The Sub Committee received a report which set out the strategic risks for HTS (Property and Environment) Ltd.

RESOLVED that:

- A** The Sub Committee noted the strategic risks as relating to HTS (Property & Environment) Ltd together with their analysis and mitigation.

19. **RESPONSIVE REPAIRS CUSTOMER ACCESS REVIEW**

The Sub Committee received on the review of responsive repairs customer access.

It was agreed that the reviews included the relevant Council panels.

RESOLVED that:

- A** The Sub Committee noted the report.

20. **REFERENCES FROM THE HTS GROUP LTD BOARD**

a) Remuneration for HTS (Property & Environment) Board Members

Councillors Simon Carter and Bob Davis left the room whilst the item was considered.

The Sub Committee received a referral from the HTS Board which set out the terms of remuneration for the Councillor Directors of HTS Group Ltd.

Councillor Purton proposed that the allowance was linked directly the Council's Cabinet Portfolio Holder Special Responsibility Allowance and that it was specified the allowance was only to be paid in respect of the Councillor Director's role at HTS (Property and Environment) Ltd. He also asked that the Councillor Directors appear before the Sub Committee on a quarterly basis to give updates on the work they carried out. This was agreed by the Sub Committee.

It was explained that the changes above would have to be agreed by the HTS Board.

RESOLVED that:

- A** Councillor Director Simon Nicholas Carter be paid the equivalent of the Harlow Council Special Responsibility Allowance for Cabinet Portfolio Holders per annum (or part thereof) for services provided as Councillor Director to HTS (Property and Environment) Ltd. Payment to commence from 1 February 2017 and to continue for

the term of his appointment as Councillor Director to (Property and Environment) Ltd.

- B** Councillor Director Robert Davis be paid the equivalent of the Harlow Council Special Responsibility Allowance for Cabinet Portfolio Holders per annum (or part thereof) for services provided as Councillor Director to HTS (Property and Environment) Ltd. Payment to commence from 1 February 2017 and to continue for the term of his appointment as Councillor Director to (Property and Environment) Ltd.
- C** Councillor Director Christopher Vince be paid the equivalent of the Harlow Council Special Responsibility Allowance for Cabinet Portfolio Holders per annum (or part thereof) for services provided as Councillor Director to HTS (Property and Environment) Ltd. Payment to commence from 5 July 2018 and to continue for the term of his appointment as Councillor Director to (Property and Environment) Ltd.
- D** Councillor Director John Strachan be paid the equivalent of the Harlow Council Special Responsibility Allowance for Cabinet Portfolio Holders per annum (or part thereof) for services provided as Councillor Director to HTS (Property and Environment) Ltd for the period 1 February 2017 to 5 July 2018 inclusive.
- E** An item is added to future meetings of the Shareholder Sub Committee for the Councillor Directors of HTS (Property and Environment) Ltd to give updates on the work they have carried out in their capacity as Councillor Directors.

21. **REFERENCES FROM HTS (PROPERTY & ENVIRONMENT) LTD BOARD**

- a) Vehicle Homes to Work Policy

The Sub Committee received a report on HTS (Property and Environment) Ltd's vehicle homes to work policy.

RESOLVED that the report be noted.

22. **MATTERS OF URGENT BUSINESS**

None.

23. **DATE OF NEXT MEETING**

15 January 2019.

CHAIR OF THE SUB COMMITTEE

Shareholder Sub-Committee Work Plan 2018/19

Title	Wednesday 25 July 2018	Tuesday 11 December 2018	Tuesday 15 January 2019	Wednesday 3 April 2019
Operational and Performance Reports				
Performance Reports	Jan-Jun	Jul-Sept	Oct-Dec	Jan-Mar
Balanced Scorecard	Jan-Jun	Jul-Sept	Oct-Dec	Jan-Mar
Risk Register	Jan-Jun	Jul-Sept	Oct-Dec	Jan-Mar
Council Directors Quarterly Report			Oct-Dec	Jan-Mar
Case Studies	Jan-Jun			Jan-Mar
Other Reports				
Appointment of External Auditors to the HTS Group	Report			
Business Plan Amendments	Report <i>(Reference from Cabinet)</i>		Report <i>(Reference from HTS (P&E) Board)</i>	
Responsive Repairs Customer Access Review		Report		
Environment Review				Report
Remuneration of HTS (P&E) Board Members		Report <i>(Reference from HTS Group Board)</i>		
Vehicle Homes to Work Policy		Report <i>(Reference from HTS (P&E) Board)</i>		
Appointment of Non-Executive Chair of HTS Group and Managing Director of HTS (P&E) Ltd			Report <i>(Reference from HTS Board)</i>	
Creation of HTS (Housing and Regeneration) Company			Report <i>(Reference from Cabinet)</i>	

REPORT TO: SHAREHOLDER SUB COMMITTEE

DATE: 15 JANUARY 2019

TITLE: RISK MANAGEMENT

LEAD OFFICER: ANDREW MURRAY, HEAD OF HOUSING
(01279) 446676

CONTRIBUTING OFFICER: STUART MOSELEY, INSURANCE AND RISK
MANAGER (01279) 446215

RECOMMENDED that:

- A** The Sub Committee notes the strategic risks as relating to HTS (Property and Environment) Ltd together with their analysis and mitigation.

BACKGROUND

1. The Sub Committee's terms of reference includes responsibility to ensure HTS (Property and Environment) Ltd (HTS') risks are adequately defined, monitored and controlled.
2. The Council has its own Corporate Risk register which is regularly reviewed by Senior Management Board (SMB), reported to each Audit and Standards Committee meeting for scrutiny and challenge together with escalations, if required. This is also reported to Cabinet quarterly.
3. Within the corporate risk register, a strategic risk has been identified which relates to the 'Provision of Repairs, maintenance, landscape and street scene services' provided by HTS, and impacts upon the Council.

ISSUES/PROPOSALS

4. The HTS risk registers monitor its own corporate risks as relates to the business. They are living documents, evolving, being reported to their Board quarterly. The Council's Joint Performance Review Meeting (JPRM) also reviews quarterly ensuring issues are escalated, if required, to the Sub Committee.
5. HTS have now aligned methodology for risk articulation, analysis and reporting with that used by the Council. Strategic risks are subject to regular quarterly reviews and report to HTS Board and JPRM, and to major reviews indicated by Target Date. This is to ensure they are concurrent with the HTS Corporate Plan. The updated HTS strategic risk register is shown in Appendix A.
6. Operational risks may be subject to regular and more frequent reviews in accordance with risk score, additional possible risk controls identified and target

dates set for each risk. Operational risks are reviewed and managed by HTS directors and department managers. Operational risks with a residual risk score of 20 or higher will be reported to HTS Board for review. There are no operational risks with a residual risk score of 20 or higher as at December 2018.

7. It should be noted that controls have now been implemented to address strategic risk "Information Governance and Data Compliance". HTS Board members could have personal liability for data breach or non-compliance as noted in the risk impact statement.
8. A project group has been established to mirror the actions taken by the Council in order to fully address implications from General Data Protection Regulations (GDPR) which came into force on 25 May 2017. HTS has since outlined steps and work undertaken for GDPR and BSI ISO/IEC 27001 Information Security Management to the Council and is working with the Council's Officers to address the work required. A draft Information Sharing Protocol has been developed together with a HTS Information Sharing Log. In addition, a variation to the Services Agreement between HTS has been signed to update it for GDPR compliance. HTS continues to liaise with council officers to develop a Record of Processing Activities (RoPA) template and further progress will be reported regularly to the Sub Committee.
9. While good progress has been made to address the Information and Data Compliance risk, HTS will need to implement the controls and related employee training to enable the existing residual risk score to be reduced further.

IMPLICATIONS

Place (Includes Sustainability)

As contained within the report.

Author: Andrew Bramidge, Project Director – Enterprise Zone and Interim Head of Planning

Finance (Includes ICT)

As contained within the report.

Author: Simon Freeman, Head of Finance and Deputy to the Managing Director

Housing

As contained within the report.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

As contained within the report.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Strategic Risk Register

Background Papers

None.

Glossary of terms/abbreviations used

GDPR – General Data Protection Regulations

JPRM – Joint Performance Review Meetings

LATC – Local Authority Trading Company

RoPA – Record of Processing Activity

SMB – Senior Management Board

Likelihood	Almost Certain	5	11	16	20	24	28
	Likely	4	7	12	17	21	24
	Moderate	3	4	8	13	18	22
	Unlikely	2	2	5	9	14	19
	Rare	1	1	3	6	10	15
Risk Rate Matrix		1	2	3	4	5	
	Insignificant	Minor	Medium	Major	Catastrophic		
							Impact

Objective	Risk Name	Risk	Background	Likelihood	Impact	Risk Owner	Inherent Risk Score			Controls already in place	Residual Risk Score			Foreseeable Risk Score			Additional actions to mitigate risk (4Ts)	Target Date
							Likelihood	Impact	Score		Likelihood	Impact	Score	Likelihood	Impact	Score		
Financial Performance	SR01 - Financial Sustainability	If a sustainable budget is not secured, then HTS will lack financial resilience	HTS has been set up as a LATC, wholly owned by HDC with a five year contract in place. ASC budgets were set with JVCo baseline 2015/2016 and need to be managed going forward to maintain financial sustainability of the company.	Job priorities may impact on KPI achievement, management of client expectations, efficiencies, management of employee sickness, maintenance and replacement of assets, payscales alignment	Pension, failure of KPIs, penalties from HDC, external market wage rates pressures, service delivery	Alex Morris, Finance Director	3	4	18	change notice, job variation meetings, budget monitoring, Joint Performance meetings, JPRM, Management Account meetings, quarterly reviews, cash flow, VCR meetings, auditing of accounts, forward planning on replacement of assets (5 year plan)	2	4	14	2	4	14	callsys interface with orchard to manage job ticket priorities, move to schedule V7 of NHF from 01/04/18,	Annual review
Business Growth	SR02 - Business Sustainability	If the business does not develop and grow, then it will stagnate and ultimately fail	HTS needs to grow business beyond its existing HDC contract in order to develop and survive and meet employee and shareholder expectations for future opportunities	Perception of environmental performance by HDC versus contracted performance, KPI measurement and analysis, delayed capital works, failure to award additional capital works, ability to secure third party works and deliver at profit, capacity to deliver third party services	reputation, bottom line, morale, negative employee culture, productivity and service delivery, business growth, loss of key employees, inability to win new third party contracts, loss of existing third party contracts	Neil Rowland, Commercial Director	4	4	21	Joint Performance Meetings, JPRM, quarterly reviews, balanced scorecard reviews, KPI reviews, weekly performance and productivity reviews, vehicle tracking monitoring, opportunities register, joint board/member meetings, tenant and leaseholder engagement, accreditations	3	4	18	2	4	14	opportunities register, GIS mapping and route optimisation, innovations, marketing materials and presentations and case studies of efficiencies already achieved	Annual review
Operational Performance	SR03 - Operational Delivery	If HTS fails to deliver services on a consistent satisfactory basis, then the business may receive negative perception leading to failure to maintain and extend contracts	Inheritance of an ageing workforce may result in loss of local knowledge and expertise when they leave. HTS requires to resource existing and future employees along with external supplychain to ensure continuous satisfactory delivery of services and third party contracts	Government legislation changes, statutory regulations changes, KPI measurement and analysis, capacity to deliver third party services, resourcing against peaks and troughs and specialist trades, client expectations, perception vs actual performance, budget and seasonal variations, ageing workforce, incentivisation for employees	reputation, bottom line, employee opportunities, morale, negative employee culture, productivity and service delivery, business growth, loss of key employees, KPI penalties	Steve Ward, Operations Director	2	4	14	Joint Performance Meetings, JPRM, quarterly reviews, balanced scorecard reviews, KPI reviews, weekly performance and productivity reviews, vehicle tracking monitoring, change notices, tenant and leaseholder engagement, accreditations, ASC meetings, subcontractor and agency budget monitoring, efficient processes investment, Business Continuity Plan	2	4	14	2	4	14	compliance software, additional employee training, succession planning, continual training and development, apprenticeships, work experience employees, payscales reviews and alignment	Annual Review
Culture	SR04 - Employee Engagement	If HTS fail to engage it workforce, then there are consequences to delivery and success of the business	An engaged and happy workforce is a productive and effective workforce 'Proudly Serving Harlow' reflecting the HTS brand.	morale, incentivisation and engagement of workforce, training budgets and resource, quality of external candidates, salary packages, pension/pay flexibility, terms and Conditions of employment	VFM review in year 3, morale, lack of workforce engagement, reduced productivity, accidents, poor attendance, reputation, employee expectations	John Philips, Managing Director	3	4	18	Quarterly employee engagement, monthly union meetings, quarterly staff newsletters, balanced scorecard, staff award scheme, staff discount cards, PPRs, vehicle tracking monitoring, IT investment, asset investment, succession planning, training plans, 1-2-1s and Team meetings, Living Wage employer	3	4	18	2	4	14	employee satisfaction surveys, incentivisation schemes, employee conference and awards, succession plan, flexible working and retirement, future pay reviews, equal pay	Annual Review
Compliance	SR05 - Information Governance and Data Compliance	If HTS does not adopt holistic and robust response to data information and governance, then it may be unable to demonstrate statutory compliance.	An Information Governance Framework is required to ensure information is dealt with efficiently, effectively and in compliance with statutory provisions and regulations. The General Data Protection Regulations (GDPR) applies from 25 May 2018, replacing the Data Protection Act 1998, imposing a much tougher data protection regulatory framework. Also on the horizon is Electronic Data Protection Regulation (EDPR)	GDPR requirement to notify breaches within 72 hours. Changes to Subject Access Requests (SARS). It is necessary to evidence compliance in all areas of GDPR. There are changes to the way consent is obtained and individual's rights over data held about them.	Breach and non-compliance carries risk of enforcement action and increased financial penalties from the Information Commissioners Office (ICO). Reputation would suffer.	Tim Page, HR Manager	4	4	21	Data Protection & Security Policy in place. Privacy Impact Assessments in place (HTS format). Breach log in place (HTS format) and incidents reviewed & closed out. DPO in place and formally appointed. Deputy DPO identified internally. Full training carried out for key staff and toolbox talks provided for all staff. Data cleanup actioned. Variation to Services Agreement to align it for GDPR compliance has been signed and sealed. Actions from Z7001 gap analysis mostly closed out.	3	3	13	3	3	13	Cyber security policy reviewed but requires further review in January 2019. Carry out DPO training which has been identified. Ongoing employee awareness and training required along with poster campaign. Continue discussions and work to align Privacy Impact Assessments and Breach log with Harlow Council format.	Monthly Review