

Transition Plan Update report

Transition to HTS (Property and Environment) Limited

As at 28 June 2016

Version 1.0

28 June 2016

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Introduction

1. The following services will be delivered through a Local Authority trading Company, Harlow Trading Service (Property and Environment) Ltd from 1 February 2017:
 - a) Responsive housing repairs.
 - b) Cyclical housing maintenance.
 - c) Planned housing maintenance.
 - d) Responsive repairs to non-housing properties.
 - e) Cyclical maintenance to non-housing properties.
 - f) Street cleaning.
 - g) Grounds maintenance.
 - h) Cleaning and caretaking of communal housing.
 - i) Pest control.
 - j) Stray dog collection.
 - k) Vehicle maintenance.
 - l) Drainage and gully repairs and maintenance.
 - m) Supporting elections.
 - n) Highway repairs.
2. Transition from the existing contract with Joint Venture Company Kier Harlow Ltd commenced following the decision to proceed with setting up HTS (Property and Environment) Ltd by the Council's cabinet. HTS (Property and Environment) Ltd was incorporated on 24th December 2015.
3. This report provides an update on transition activities to date, including the baseline Project Plan at appendix A.

Scope

4. The *HTS (Property and Environment) Ltd* Board and the Cabinet Shareholder Subcommittee have been established in accordance with the Cabinet report dated 23 July 2015 minute 25. Seven project teams have been set up to address the following legacy issues in respect of Kier Harlow they are; ICT – Governance - Corporate – Fleet & Plant – HR Payroll – Supply Chain and Demobilisation.
5. The demobilisation of the JVCo itself is outside the scope of the Council's transition activities, although these activities will inevitably cross over at certain points. These elements of the demobilisation process will be undertaken by employees appointed from within the Kier Group to oversee process.

Project Plan

6. Details for each of the seven project teams are below

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Project Group	CMT/Head of Service Lead	Project Lead HDC	Project Lead KH
Corporate	Graham Branchett	Bev Thomas	Alex Morris
Demobilisation	Graham Branchett	Joe McGill	Mark Whittaker (Kier Services)
Fleet & Plant	Graeme Bloomer	Joe McGill	Mick Jenkins
Governance	Brian Keane	Julie Galvin	Alex Morris
HR / Payroll	Brian Keane	Natasha Terrell	Peter Chisnall
ICT	Simon Freeman	Glenn Spreadbury	Steve Pritchard
Supply Chain	Andrew Murray	Bev Thomas	Neil Rowland

- The current Project Plan (dated 28 June 2016), including the significant project milestones at this point (as set out in appendix A) acts as a reference point and guide to the shape of activity being undertaken along with the necessary resources required to achieve this. As the project progresses additional work items may be included and timescales will change.
- The significant milestones are those required to deliver in the key area of people, IT, fleet, tools and materials required for the operation of HTS (Property and Environment) Ltd on 1 February 2017. A full project task and milestones list, broken down into each project group, can be found at appendix B.

Schedule Management

- The Project plan is a live document, and governance of this will be managed by the Transition Project Management Team. Changes to the baseline Project Plan are recorded by the Transition Project Management Team and mitigated accordingly. Interdependencies between project group milestones have been included in the Project Plan and the resulting critical pathway identified; these interdependencies are shown in the full task and milestones list at appendix B and are monitored by the Transition Project Management Team.
- The task list is a management tool and as such changes regularly; it includes the RAG status of tasks, as at 21 June 2016, but tasks are updated daily by the project team so may well have changed by the time this report is received.
- Tasks that require new target dates or have experienced delays that are in the process of being mitigated are highlighted in amber. Tasks which are yet to be scheduled are also highlighted in amber. Those tasks which currently have no mitigation in place are highlighted red. Completed tasks have been greyed out for clarity.
- Kier Harlow have provided the Employee Liability Information (ELI) earlier than statutorily required to allow as much employee information available as possible at an earlier date.

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The information was provided on 13 May and a gap analysis has been carried out to identify further information required, once a response from Kier Harlow has been received the associated actions will then be added to /omitted from the Project Plan accordingly.

13. Those tasks with a red status as at 21 June 2016 are below:

Task reference	Milestone	Start date	End date	Status
None	None	None	None	None

14. Those tasks with an amber status as at 28 June 2016 are below; these tasks only remain amber as they have not yet been scheduled:

Task reference	Milestone	Start date	End date	Status
Supply Chain 12 and 13	Procurement for Housing framework activities/Environmental services additional tenders	None	None	Awaiting scheduling – framework has been engaged and timelines to be set by provider and confirmation of which environmental services can not be achieved through framework
HR/Payroll 48	Receive copy of current collective Trade Union agreement	None	None	Awaiting new target date from KH, reschedule has no effect on programme at this time
HR/Payroll 49	Formal trade union consultation	None	None	Not yet scheduled - dates to follow once collective agreements received
HR/Payroll 50	Individual employee consultation	None	None	Awaiting scheduling – exact period be scheduled prior to TUPE process
HR/Payroll 51	Establish Joint Consultative Committee	None	None	Awaiting scheduling – to be scheduled prior to TUPE process
Governance 32	Appoint FD as Company Secretary	None	None	Awaiting scheduling - to be scheduled once start date of FD confirmed
Governance 45	Compliance with Trading Disclosure regulations	None	None	Awaiting scheduling - not yet required
Demobilisation 27 (plus sub actions 28-45)	JVCo liabilities and agreements settlements	None	None	Awaiting scheduling by Project group – initial actions identified and further work required following initial drafting of

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				agreements by external lawyers
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Milestones and Key Decisions

15. Completed milestones to date are included below, along with the near term Key Decisions identified to date.

Completed Milestones	Completion Date
Approval of Articles of Association and Scheme of Delegation for HTS (P&E) Ltd	May 2016
Board Sign off Fleet tender principles	28 June 2016
Board sign off Business Plan for receipt by Shareholder Sub-Committee	28 June 2016
Timetable for procurement exercise for Harlow Trading Service (Property & Environment) Limited approved by Transition Group	28 June 2016
Appointment of non-executive chairman	24 May 2016
Board agreed the Senior management positions required for HTS prior to Transfer	May 2016
Board sign off Articles of Association and Scheme of delegation for approval by Shareholder Sub-Committee	May 2016
Board decision on ICT principles for provision of infrastructure	21 April 2016
Board sign off on logo and livery	21 April 2016
Advert for Non-Executive Chair published	19 April 2016
Board receive initial report on procurement options for fleet (detailed proposals to follow)	22 March 2016
Branding consultation with workforce and stakeholders complete	18 March 2016
Van fleet condition and scope information received from Kier Harlow	12 February 2016
Full supplier and contractor list received from Kier Harlow	12 February 2016

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Completed Milestones	Completion Date
Decision made to retain call centre operation as per current arrangements	4 February 2016
Secure web domain and social media accounts	28 January 2016
Appoint Board Directors	24 December 2015
Incorporate Harlow Trading Service Limited	24 December 2015

Key Decisions as at 21 June 2016	Estimated Completion Timeframe
Board sign off final Business Plan for approval by Shareholder Sub-Committee	July 2016
Board sign off on principles of procurement and subcontracting (policy)	August 2016
Board review pension provision proposals	August 2016
Board receive of Heads of terms for Services Agreement	August 2016
Board receive of Heads of terms for Facilities Agreement	August 2016
Board receive of Heads of terms for lease of depot	August 2016
Board sign off Services Agreement for approval by Shareholder Sub-Committee	September 2016
Shareholder Sub-Committee approve Services Agreement	October 2016
Board appointment of external auditors	October 2016
Lease Exchange	October 2016
Review Business Plan	November 2016

Project Budget

16. Harlow Council's transition budget of £730k was set for their role in the transition process. Two cost centres have been set up to capture costs for both the transition process carried out via Harlow Council and the set-up costs for HTS (P&E) Ltd which will be paid back to the Council. An expenditure summary to date, detailing expenditure, commitments and a forward forecast for both cost centres can be found at appendix C.
17. Total expenditure of to date is £173k; Transition costs are £129k, with further commitments of £84k and HTS (P&E) Ltd set up costs are £58k, with further commitments of £246k.

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Communications

18. A communications bulletin was published on 15 June 2016 and can be found at Appendix E.

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Risk Management

19. The top six risks for the transition plan are included below, and a full risk register can be found at appendix D. It should be noted that of the top risks, one (HTSLEG1) will see significantly reduced score following the appointment of external legal support for HTS, a brief for this is being drawn up for consideration. See Appendix D for full risk register including foreseeable risk scores following such additional actions taking place.

20. A risk around the uncertainties faced following the result of the EU referendum has been added at HTSECO9, interim middle ground scoring has been used whilst impact of the referendum remains unknown. A series of related risks may be realised as any impact on costs and financial markets is borne.

Risk no.	Risk	Background	Likelihood	Impact	Controls already in place	Residual Risk Score		
						L	I	Score
HTS LEG 12	If Kier Harlow staff morale is low then current service performance during the transition period may suffer	Low morale. Lack of focus and attention. Managers move on	Periods of change known to affect morale	Unable to effectively deliver the services	Transition board already established. Kier Services capacity to back fill	4	5	24
HTS ECO 1	If there is further significant tightening and/ or accelerated change in Government Policy in respect of its annual Financial Settlement then money available to provide HTS (P&E) Ltd services may be reduced	Political and economical drivers of central Government have seen a decrease in central support provided to Councils	For 2016/17 the Council will receive £346,000 less than anticipated, further cuts in RSG expected up to 2021; absence of ability to control reductions will	Reduction in funding to councils; pressure on budgets/reduction in services	The creation of a LATC enables full control of reductions if necessary	5	4	23

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			create pressure					
HTS LEG 1	If there are no or insufficient dedicated staff working on the project within Council then the HTS (P&E) Ltd will not be in place for February 2017	Insufficient resources and time	Council business as usual must continue whilst supporting setting up of an LATC and without sufficient people and financial resources service delivery will be affected	Failure to deliver the service, Project slippage or not completed to required standard or to best value	The financial modelling includes sufficient provision for HTS (P&E) Ltd management needs. Appointment of external legal support, plus in-house dedicated solicitor.	3	5	22
HTS OP8	If finance ICT system for HTS not procured then cash flow and solvency may be threatened	Finance system used by JVCO is Kier Services system and not necessarily suitable for HTS purpose, new system will need to be scoped and procured	Without a fully scoped out brief and quantification of development work required work on this will become unstructured.	Unable to make payments and record financial information; possibility of debt building up and arrears being created with suppliers and contractors	ICT Project Manager in place to manage all ICT processes and early engagement with JVCo finance staff and HDC accountancy team	3	5	22
HTS ECO 3	If HRA rent changes (1% Rent Reduction over next 4 years) then pressure on budget for HTS (P&E) Ltd will increase	Political and economical drivers of central Government will see a changes imposed upon the Council in respect	Certain	Reduction in the HRA leading to pressure on budget to deliver the required services.	The creation of a LATC enables full control of reductions if necessary	4	4	21

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		of the rent it is able to collect, reducing income to the HRA						
HTS OP7	If there is insufficient resource available within COHESIS then software development may not take place in time for the contract start date	COHESIS provide existing software used by JVCo and are engaged to deliver for HTS. COHESIS are a small company and will need to dedicate appropriate resource.	Without a fully scoped out brief and quantification of development work required work on this will become unstructured.	Unable to effectively deliver the services.	ICT Project Manager in place to manage relationship with COHESIS	4	4	21

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