

**SUPPLEMENTARY REPORTS FOR  
SHAREHOLDER SUB COMMITTEE  
Tuesday 28 September 2021 at 7.30 pm  
Council Chamber - Civic Centre**

The attached documents are due to be considered at the meeting listed above and were unavailable for circulation when the agenda for the meeting was published. The agenda item to which the documents relate is noted below.

**AGENDA**

5. Sub Committee Work Plan (Pages 2 - 3)

To review the Sub Committee's work plan

6. Operation and Performance Report

a) Performance and Balanced Scorecard (Pages 4 - 15)

b) Emerging from Covid-19 (Pages 16 - 37)

8. References from the HTS Board

a) HTS Group 5 Year Business Plan (Pages 38 - 55)

To agree scoping document for the 5 Year Business Plan 2022 to 2027.

Shareholder Sub-Committee Work Plan 2021/22

Title	1 July 2021	28 September 2021	18 November 2021	17 February 2022
<b><u>Operational and Performance Reports</u></b>				
Performance and Balanced Scorecard	Report	Report	Report	Report
Commercial challenges and Opportunities		Report (included in scoping report)	Report	Report
Operational Gap Analysis		Report (included in scoping report)	Report	Report
Business Development Plans		Report (included in scoping report)	Report	Report
Risk Register			Report	
Social Impact Report			Report	
<b><u>Other Reports</u></b>				
Responsive Repairs and Customer Access Review			Report	
HTS Group Ltd Business Plan		Scope		Final Report
Emerging from Lockdown	Report			
Covid19 Resilience Plan		Report		Report
Best Value Review Progress Report			Report	
Draft Group Accounts	Report			

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Agenda Item 5

Shareholder Sub-Committee Work Plan 2021/22

Workforce Development				Report
HTS Group Expansion				Report
HTS Governance				Report
Market Intelligence (July 2022)				

**REPORT TO:** SHAREHOLDER SUB COMMITTEE

**DATE:** 28 SEPTEMBER 2021

**TITLE:** OPERATING AND FINANCE REPORT

**LEAD OFFICER:** JOHN PHILLIPS, MANAGING DIRECTOR HTS (PROPERTY AND ENVIRONMENT) LTD

**CONTRIBUTING OFFICERS:** HTS SENIOR MANAGEMENT TEAM BUSINESS PERFORMANCE TEAM

**RECOMMENDED that:**

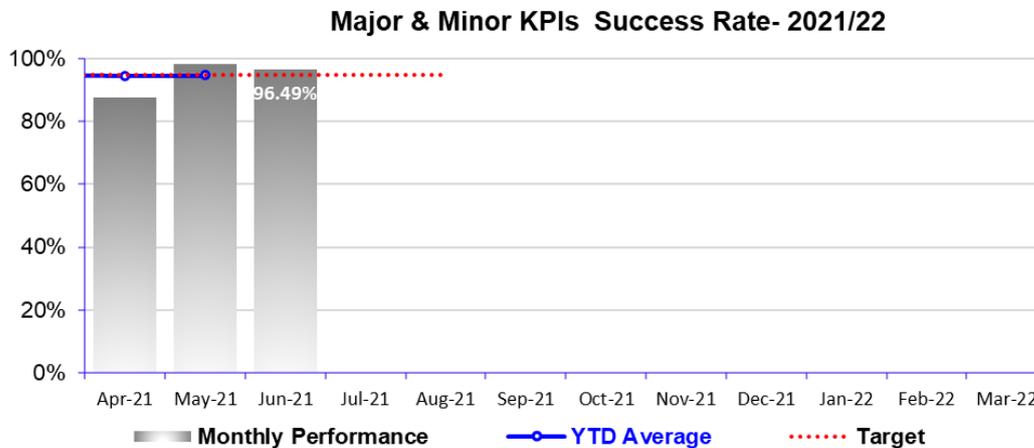
- A** The Sub Committee notes HTS (Property & Environment) Ltd (HTS) performance and finance summary covering operational activity across all work streams for the period April to June 2021 as follows:
- i) Operational – The report illustrates HTS performance against KPIs targets set including a summary of customer service update highlighting the impact of Covid-19 crisis.
  - ii) Financial – Financial analysis provides a review of HTS position against forecast as outlined in the Shareholder Statement shown in Appendix A.

**BACKGROUND**

**Summary of Operational Performance – June 2021**

1. Following the easing of restrictions, HTS has been working hard to not only deliver the normal service but also catch up on the backlogs that had been created in the first lockdown. Based on the reduced performance statistics that were available, a number of Action Improvement Plans were completed to assist in reducing backlogs and tracking our progress.
2. Good progress was made in the following areas:
  - a) Reducing Repairs backlogs to Standard Repairs
  - b) Reducing compliance backlogs in Gas Servicing and EICR testing
  - c) Clearing the voids backlogs
3. This is clearly demonstrated in our monthly Performance Reporting to SOPM which has continued throughout the year.

4. HTS operations continued to cover all repairs lifting its performance from 86% in March '21 to 96% in June '21.
5. HTS achieved an average of 94% KPI compliance as of June '21 against the full suite of Major and Minor KPIs that govern the contract for the year 2021/22.



## ISSUES/PROPOSALS

### Underperforming Major KPIs

6. Street Scene
  - a) Red: Routine Cleaning of Streets – Detritus
  - b) Reason: KBT report highlights majority of the detritus failures were around main roads, rural roads and other roads. This was further affected by areas with parking problems, causing cars to be parked on landscaped areas leading to mud/detritus across footpaths. In addition, Covid restrictions also meant some staff isolating resulting in reduced activities across street cleansing as well as landscape maintenance. This led to rising weed trapping detritus.
  - c) Corrective action: The cleansing Wave is now fully operational and improvements should be seen over the next two quarters.
  - d) Amber: The proportion of relevant public land and highways with unacceptable levels of weed are visible.
  - e) Reason: Performance dropped due to delivery of a less efficient service following some staff isolating and revised working conditions which affected the overall performance. Warm weather and persistent rain throughout the year has aided the continued growth of weeds.
  - f) Corrective action: Weed sprays have recommenced and therefore the impact will be reduced gradually. We expect the new programme in 2022 to improve the level of weeds around the town. There is a 3-year

cycle for weed spraying and therefore a minor impact will be ongoing until 2023. Please see HTS Emerging from Covid plan for more detail.

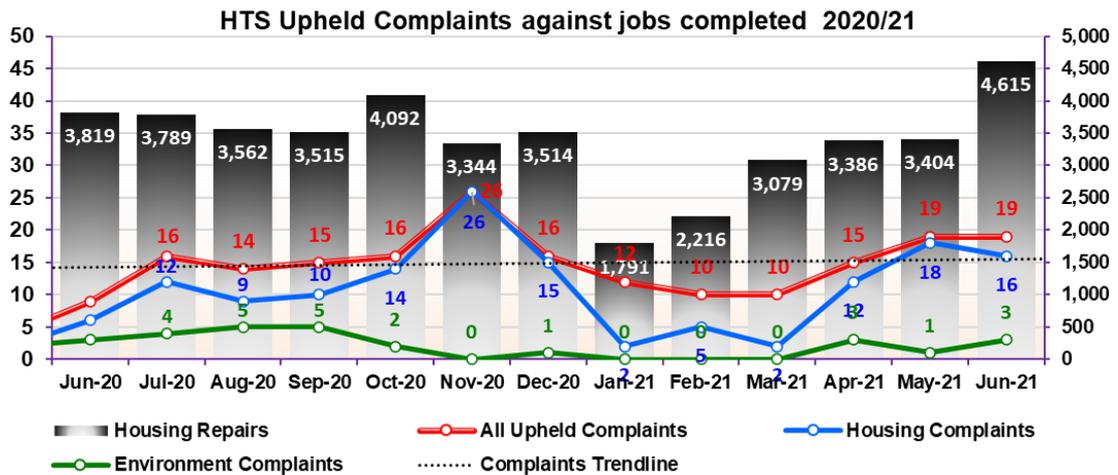
7. The volume of completed transactions within R&M over the reporting period is set out below:

<b>R&amp;M OPERATIONS</b>	<b>April '21</b>	<b>May '21</b>	<b>June '21</b>
<b>Response Repairs</b>	3,386	3,404	4,615
<b>Gas Servicing</b>	984	1,122	2,002
<b>Emergencies</b>	425	409	433

### **Customer Service Report**

8. The customer service report provides a summary of the complaints for both Environment and Housing, members' enquiries as well as an update on plaudits. It is important to note that Harlow Council's complaints officer carries out a monthly audit of all complaints with the customer services team and so far, no variations have been identified. The chart below shows all Upheld complaints since June '20 and monitors the trend against the Housing repairs.

- a) HTS completed 4,615 repairs jobs in June '21 with 19 resulting in valid complaints illustrating 0.41% of jobs leading to valid complaint. This accounts for an average of 17 complaints per month during the period of April-June '21 (Q1). During the same period in 2019 the average was 6 upheld complaints per month and an average of 9 per month during the same period in 2020.
- b) Complaints relating to environment accounted for 15% of the overall complaints whilst the remaining 85% were in housing. This trend has been constant over the last 3 years of HTS operations.
- c) Whilst the number of overall complaints has increased over the last quarter by 29%, the upheld complaints remain significantly low. HTS analyses the causes of complaints to ensure continued learning. The upheld complaint numbers have remained low at less than 1% of jobs carried out. HTS has seen an increase in overall complaints as tenants are chasing non-urgent jobs which had been put on hold during the lockdown period. This trend is set to continue throughout the next quarter as HTS works through a service recovery plan to reduce the backlog of work requests.
- d) Please see below a chart illustrating complaints trend during the last 13 months.



### Members' Enquiries

9. Councilors can also take up issues on behalf of residents and report to Harlow Council. These issues/enquiries are then passed on to HTS where necessary for a resolve. These are reviewed daily, and the Customer Service Team advise members of all completions by e-mail within a 10-working day period if passed to other departments and one working day for general enquires.

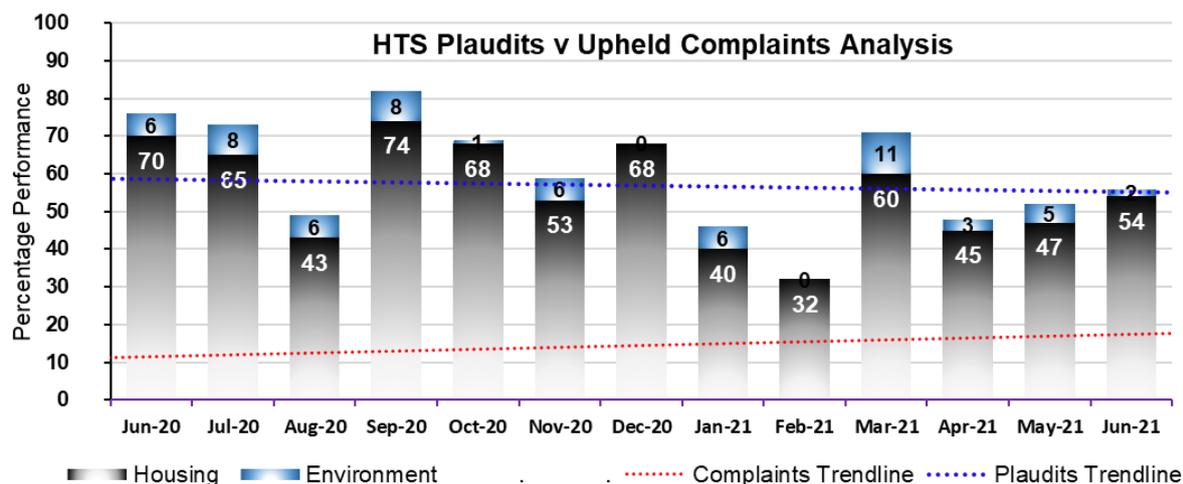
- a) There has been a significant increase in Councilor enquiries over the last quarter. The highest number of requests came in June 2021. Please see table below.
- b) The biggest increase in enquiries continues to relate to Dumped Rubbish with 44% of all calls followed by 25% for Grounds Maintenance (grass, trees, hedges etc.).

HTS OPERATIONS	April '21	May '21	June '21
Members' Enquiries	32	35	48

### Plaudits and Good News Stories

10. A plaudit is recognition of a team member or group who the customer feels has gone above and beyond what is usually expected of them. Plaudits are recorded by HTS HR and Communications team and come through various mediums such as satisfaction surveys, letters or phone calls. Once a plaudit has been recorded by HR, the business support team writes to the staff member or team advising them that they have been recognised by customers thanking them for their good work.

- a) Please see below an analysis of plaudits against complaints.



b) June 2021 has resulted in 54 Plaudits across Housing and Environment. Whilst the number of plaudits is higher than complaints, there is a recurring theme of reduction in plaudits as complaints increase in numbers as reflected in the trendline above.

### Planned Works and Delivery of Capital Programme

11. The Council and HTS (Property & Environment) Ltd (HTS) agreed an initial draft three year programme within the Council's investment plans at the commencement of the contract, with the programme being reviewed on an annual basis.
12. Key for both HTS and the Council is to continue to ensure increased confidence is demonstrated with the new Housing Capital Business Case processes. This will need to involve effective liaison, robust forward forecasting on programme of delivery that can demonstrate of value for money. Ensuring programmes are delivered on time, within budget, and to high satisfaction to customers.
13. All Business Case submissions have been subjected to the requirement of the new Schedule 2 Services Agreement (Planned and Capital works methodology) which requires internal and external evaluation, enabling the Council/HTS to demonstrate value for money against a set of defined criteria required.

### Business Case Awards 2020/21 and 2021/22

14. Continued joint liaison has ensured Business Cases process are robust on-going meetings with HTS Senior Management Team and Council representatives continue in order to discuss issues and risks associated with delivery of the Business Case Awards. All works are subject to on-going review at the monthly Progress Meetings with issues being addressed and escalated if necessary, to the Shared Operations Meeting and reporting to SMB.

## **Internal Works**

15. Works consist of all elements covered within the Decent Homes categories covering Kitchens, Bathrooms, Rewires and Central Heating works. The programme is aligned to the Council's priority with Decent Homes failures for 20/21 being prioritised in this year's programme.
16. 2021/22 asset list has been issued to HTS and pre-start surveys and designs are on-going.
17. The 20/21 Programme is now back to a normal productivity levels, with completions and handover requests increasing weekly.

## **Aids and Adaptations**

18. Works consist of various Aids and Adaptations to Council properties. Projects for the 2021/22 portion of the programme are now being released, as the condition for programming the 2020/21 addresses has now been achieved. HTS are seeking more projects due to an increasing availability of their supply-chain workforce. Programme is demand led and projects will continue to be released as authorised.

## **Compliance**

19. Works consist of electrical testing and remedial works where required.
  - a) The entire asset list for 20/21 is now complete and the 21/22 programme of testing and associated works has commenced.
  - b) HTS have now moved to testing the laterals for the tower blocks.
  - c) Due to the spend being lower than expected additional works to defined projects to non-leasehold blocks are being scoped, the lighting at Sumner Farm Close and electrical upgrades at Netteswellbury Farm, with the inclusion of external charging points for mobility scooters has been re-prioritised.

## **Externals**

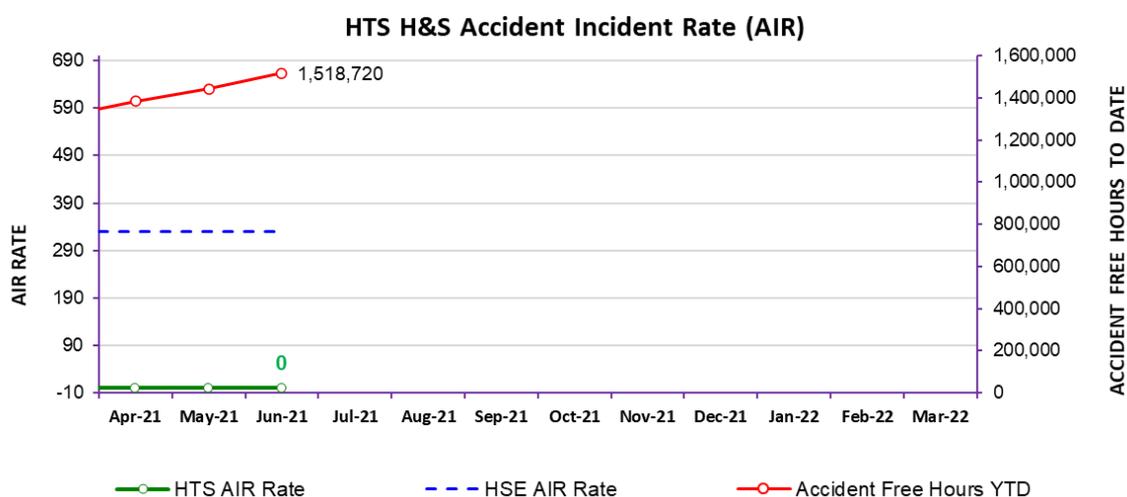
20. Works consist of a series of re-roofing projects across the town.
  - a) Supply chain appointment and mobilisation for flat roofing is being delayed due to supply chain not having ability to deliver the programme dues to resources and price increases.
  - b) Pitch roofing is proceeding to plan.
  - c) A list of properties has been provided. Additional and adjacent tenanted properties will be included to maximise value and for added asset management benefits.

## Garages

21. Works consist of refurbishment and demolition of various sites across the town. The programme of works is now progressing well with works concluded in East Park and making good progress in The Hides. Planning notices for the 21/22 programme are being prepared by Harlow Council.

## Health and Safety

22. HTS has maintained an excellent rating of 0 AIR with over 1.5 million hours of accident-free operations.



## Finance Update

23. Overall Summary - June 2021 Revenue of £2,582k was £86k below forecast, and produced Net Profit before Tax of £55k. The YTD total revenue was £6,509k, with YTD Profit of £88k, representing 1.8% net profit margin. December 2020 results include additional COVID related provision of £150k, posted within ASC housing income (£50k) and ASC costs of sales (£100).
24. Grounds – Revenues of £264k were as per forecast and produced Gross Profit of £16k, being £5k above the forecast. Total YTD Revenue was £800k, with a YTD Profit of £71k.
25. Streets – Revenues of £284k were £1k below forecast and produced a Gross Profit of £35k, being as per the forecast. Total YTD Revenue was £854k, with a YTD Profit of £110k.
26. Housing Property Services – Revenues of £869k were £112k above forecast and produced a Gross loss of £40k, being £59k below forecast due to additional spend on subcontractors. Total YTD Revenue was £2,436k, with a YTD loss of £126k.
27. Depot – Revenues of £61k were £47k above forecast due to a refund from Alphabet for the servicing of the leased vehicles. Depot produced a Gross profit

of £11k which was £19k above the forecast. Total YTD Revenue was £155k, with a YTD Profit of £3k.

28. Overheads – Revenues in the month of £211k were as per forecast. The actual overhead spends in the month of £215K which is £22k below the budget. Total YTD Revenue was £633k, with a YTD Profit of £8k.
29. Harlow Capital Works – The June revenue of £879k were £214k below the forecast with a gross profit of £31k which is £17k below the budget. Total YTD Revenue was £1,597k, with a YTD Profit of £24k.
30. Third Party Works – There were £12K revenues relating mainly to the sub lease of Mead Park and South Cambridgeshire facility management. Total YTD Revenue was £34k, with a YTD Profit of £26k.
31. ASC Budget – The JUN 2021 results of 5,276 jobs were completed with an actual spend of £770k. YTD total jobs completed was 13,173 with an actual spend of £1799k.
32. Non-Housing Budget – The Non-Housing results for JUN 2021 were 64 jobs completed and valued at £25k. YTD total number of jobs of 228 valued at £61k.
33. Harlow District Council Loan – The loan continues to be repaid at £30k per month and the balance outstanding as at June 2021 was £798k. Interest of £2k for June 2021 has been paid to Harlow District Council.
34. Capital Assets – As at JUN 2021, the Net Book Value of Fixed Assets was £1,469k as shown below

	<b>Cost Value</b>	<b>Acc. Depreciation</b>	<b>NBV</b>
<b>Goodwill</b>	£448k	£381k	£67k
<b>Plant &amp; Machinery</b>	£981k	£647k	£334k
<b>Office Equipment</b>	£19k	£12k	£7k
<b>IT &amp; Phones</b>	£249k	£198k	£51k
<b>Motor vehicles</b>	£1,221k	£377k	£843k
<b>Building Improvements</b>	£71k	£34k	£37k
	<b>£2,988k</b>	<b>£1,649k</b>	<b>£1,339k</b>

Note: In line with IFRS16 on leases, HTS balance sheet includes the right of use assets representing qualifying leases to a value of £451k and the corresponding right of use liability to a value of £462k.

There were no disposals of motor vehicles in the month of JUNE 2021.

### **HTS Achievements**

35. HTS achieve 1million RIDDOR Accident Free man hours (again!)



The SHEC Team are incredibly proud to announce that HTS has again achieved over 1-million- hours without a RIDDOR Reportable Accident! This means we haven't had a serious incident (which would be reportable to the HSE under the RIDDOR regulations) since April 2019!

To reach such an impressive milestone takes a lot of dedication, hard work and time, not only from the SHEC Team in managing and maintaining that good standards are upheld throughout the business, but also by everyone within HTS by abiding by the rules and procedures and working safely, for both themselves and those around them.

This is a massive achievement and a testament to how hard everyone works, so thanks must be passed down to everyone in the business for making HTS a safer working environment.

### 36. HTS and Jewson's set to support Harlow Playhouse pantomime



**HTS and Jewsons have once again pledged to support support Harlow Playhouse pantomime.**

They will be supplying them with their stage set materials for the Christmas pantomime.

Rory Davies, Artistic and Executive Director, Harlow Playhouse said "We are really grateful for the continued support of HTS and Jewson's.

Together HTS and Jewsons partnership have supported the Playhouse in numerous ways over the years including sponsoring their annual pantomime, providing stage set materials free of charge and often running stage set equipment too and from events for them.

### 37. New reception desk for Harlowsave

I hope all is well with you.

Just wanted to let you know that (operatives names provided) fitted the new reception desk in the Harlowsave office last Friday and did a brilliant job. They are great guys to deal with and did such a clean and professional job.

The desk looks amazing and certainly exceeds expectations! The team are absolutely thrilled.

Once again, I want to thank HTS staff and management for all their kind and generous support for Harlowsave, which is so very much appreciated by us all. Many thanks

(Name provided)



## **IMPLICATIONS**

### **Environment and Planning (Includes Sustainability)**

As set out in the report.

**Author: Andrew Bramidge, Head of Environment and Planning**

### **Finance (Includes ICT, and Property and Facilities)**

As set out in the report.

**Author: Simon Freeman, Head of Finance and Property and Deputy to the Chief Executive**

**Housing**

As contained in the report.

**Author: Andrew Murray, Head of Housing**

**Community Wellbeing**

None specific.

**Author: Jane Greer, Head of Community Wellbeing**

**Governance (Includes HR)**

As set out in the body of the report.

**Author: Simon Hill, Head of Governance**

**Appendices**

Appendix A – HTS Management Accounts

**Background Papers**

None.

**Glossary of terms/abbreviations used**

HTS – HTS (Property and Environment) Ltd

YTD – Year to Date

HTS (Property & Environment) Ltd  
 Summary of Management Accounts  
 Month:

June-21

Actual Year to Date		
12 Months to 31 MAR 2021		
Latest Forecast	Original Budget	Variance
£000's	£000's	£000's
<b>1/ Total (All Activities)</b>		
Sales	20,845	24,641 (3,797)
Cost of Sales	(17,976)	(20,728) 2,752
Gross Profit	2,868	3,913 (1,044)
Overheads	(2,835)	(2,882) 47
Net Profit	32	1,032 (997)
Interest	(42)	(22) (20)
Net Profit before Tax **	(9)	1,011 (1,017)
Taxation	0	(192) 192
Retained Profit	(9)	819 (825)
<b>2/ H.D.C.- Annual Service Charge</b>		
Sales	17,373	18,721 (1,348)
Cost of Sales	(15,244)	(15,262) 18
Gross Profit	2,129	3,459 (1,330)
Overheads	(2,679)	(2,724) 45
Net Profit	(550)	735 (1,285)
<b>3/ H.D.C. - Capital Works</b>		
Sales	3,313	5,775 (2,462)
Cost of Sales	(2,695)	(5,426) 2,731
Gross Profit	619	349 269
Overheads	(156)	(156) -
Net Profit	462	193 269
<b>4/ Non HDC Trading</b>		
Sales	157	146 11
Cost of Sales	(38)	(41) 3
Gross Profit	120	105 14
Overheads	-	- -
Net Profit	120	105 14

Actual Month		
JUNE 2021		
Actual	Forecast	Variance
£000's	£000's	£000's
2,582	2,668	(86)
(2,309)	(2,343)	34
273	325	(52)
(215)	(238)	23
58	88	(29)
(3)	(3)	-
55	85	(29)
(10)	(16)	6
44	68	(23)
1,690	1,564	126
(1,457)	(1,296)	(161)
233	268	(35)
(198)	(221)	23
35	47	(12)
879	1,093	(214)
(848)	(1,045)	197
31	48	(17)
(17)	(17)	-
15	32	(17)
12	11	1
(3)	(2)	(1)
9	9	-
-	-	-
9	9	-

Actual Year to Date		
3 Month to JUN 2021		
Actual	Forecast	Variance
£000's	£000's	£000's
6,509	6,709	(199)
(5,722)	(5,776)	53
791	933	(146)
(671)	(718)	47
115	216	(99)
(7)	(7)	-
108	209	(99)
(21)	(40)	20
88	169	(79)
4,878	4,692	186
(4,190)	(3,880)	(310)
688	811	(124)
(622)	(668)	46
66	143	(78)
1,597	1,984	(387)
(1,524)	(1,890)	366
73	94	(21)
(50)	(50)	-
24	45	(21)
33	33	-
(8)	(6)	(2)
26	27	(2)
-	-	-
26	27	(2)

Forecast		
Year to MAR 2022		
Latest Forecast	Original Budget	Variance
£000's	£000's	£000's
30,011	30,210	(199)
(26,376)	(26,429)	53
3,636	3,781	(146)
(2,824)	(2,872)	47
807	909	(99)
(26)	(26)	-
780	883	(99)
(148)	(168)	19
632	715	(80)
18,954	18,768	186
(15,799)	(15,489)	(310)
3,155	3,278	(124)
(2,628)	(2,674)	46
527	604	(78)
10,931	11,318	(387)
(10,558)	(10,924)	366
373	394	(21)
(198)	(198)	-
175	196	(21)
124	124	-
(17)	(16)	(1)
106	108	(1)
-	-	-
106	108	(1)
0	0	0

**REPORT TO:** **SHAREHOLDER SUB COMMITTEE**

**DATE:** **28 SEPTEMBER 2021**

**TITLE:** **EMERGING FROM LOCKDOWN**

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

**RECOMMENDED that:**

- A** To note the report, and the progress HTS (Property and Environment) Ltd (HTS) have made during the lockdown.
- B** Delegations for the portfolio holders for Housing and Environment to monitor and manage delivery of the recovery plan, and to raise any matters arising. Progress will be reported to the Shareholder Sub Committee.

**Status Update**

1. HTS has since implemented a Service Recovery Plans across all work streams with a view to reduce the jobs in pipeline whilst fulfilling its day-to-day operations. The plans are intended to drive the recovery of the Environment and Housing work streams following the easing of restrictions as a result of the Covid-19 pandemic. Progress on the Recovery Plans are outlined in Appendix A.
2. During the lockdowns, HTS has been taking Government advice into account at each stage and have reviewed the services we can safely deliver to limit the risk of spreading the virus to our staff and the residents we deliver services to. New measures to gradually reduce restrictions were introduced by the Government detailing a Roadmap out of Lockdown in early March 2021. As a result of the changes made already and the forecast dates of further improvements, HTS and Harlow Council can start to align service recovery with a Roadmap.
3. The Government started to reduce Covid restrictions in March 2021 and plan to remove most legal restrictions, social distancing and social contact restrictions in July 2021. This is the most significant stage for HTS when potentially all work can continue without restrictions for the first time since March 2020.
4. In September, the Government will undertake a review to assess the country's preparedness for autumn and winter, which will consider whether to continue or strengthen public and business guidance as we approach the winter, including on face coverings and test, trace and isolate, and will review the remaining regulations.
5. Due to the lessons learned from the first and second lockdown and the good working practices already in place, HTS were able to minimise the effect of subsequent restrictions.

The key points of these changes were:

- Service delivery across housing repairs and maintenance (R&M) have fully resumed.
  - Whilst Emergency and Urgent priority jobs have been completed throughout the various lockdowns and we are not expecting any performance reduction in these areas, it is expected that performance against Standard and Planned priority jobs will be significantly impacted for some time as delayed jobs are completed.
  - Resources were redirected to Void (empty) property refurbishment and external works.
  - All employees are required to continue to follow the latest government guidelines on hand washing, protection and social distancing i.e. Hands, Face and Space.
  - Grounds Maintenance to parks and landscapes continued to provide their service, albeit under difficult circumstances of reduced resources and challenging weather conditions.
  - Gas and electricity compliance - All gas and electrical inspections are aligned to their renewal dates.
  - Cleansing Services including litter picking, street cleaning, building cleaning and waste management continued to be provided and schedules for building cleaning were realigned to ensure the full programme of works were delivered.
6. The backlog of outstanding non-emergency works had increased significantly during the lockdowns and HTS has started to make substantial progress in reducing outstanding jobs when restrictions eased during quarter 3 of 2020.
7. HTS staff are now returning to working from office where possible.

### **Coronavirus Status Update**

8. Following the easing of restrictions at the end of the lockdowns, there has been a need to continually exercise safe working practices that have impacted on the work delivered. The end of restrictions in August 2021 will further improve HTS productivity as resources are increased.

### **Relief event extension request**

9. As a consequence of the recent second and third lockdowns, despite HTS's best efforts to protect the workforce and the community, whilst continuing to deliver services, the ongoing lockdown has resulted in a further extension of the current Relief Event until the end of June 2021.
10. The Relief Event covered all services provided by HTS.

## Current Status of Services

Service	Direction of Travel	Commentary
Street Scene		Quarter 1 produced some good results with main area of concern around detritus and weed growth. The Waves were initially reduced to 1 due to the lockdown, this was then increased to clear areas affected following KBT survey. Similarly weed and abandoned vehicles were also affected by restrictions imposed due the pandemic.
Grounds Maintenance		There has been a significant improvement in performance for tree works following a rigid action improvement plan. HTS will continue to monitor and improve processes where necessary to ensure compliance with targets.
Housing Property		There has been a good progress made in housing repairs as reflected in KPI performance following the improvement action plan. The work in pipeline has reduced as the HTS repairs team tackle the backlog of orders.
Non-Housing Property		Another area of improvement for HTS following the initial lockdown early in the year 2020.

## IMPLICATIONS

### Place (Includes Sustainability)

None specific.

**Author: Andrew Bramidge, Head of Environment and Planning**

### Finance (Includes ICT and Property and Facilities)

As contained in the report and appendices.

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

### Housing

As contained in the body of the report.

**Author: Andrew Murray, Head of Housing**

### **Community Wellbeing (Includes Equalities and Social Inclusion)**

As a key employer in Harlow it is positive to see HTS undertaking activity that will support the local economy including supporting the local supply chain, and providing employment and training opportunities through Kickstart and work experience opportunities.

**Author: Jane Greer, Head of Community Wellbeing**

### **Governance (Includes HR)**

None specific, levels of complaint have risen during the pandemic and these trends have been reported to Cabinet in relevant JFPR reports.

**Author: Simon Hill, Head of Governance**

### **Appendices**

Appendix A – HTS emerging from Lockdown.

### **Background Papers**

None.

### **Glossary of terms/abbreviations used**

WIP – Work In Progress

### Introduction

HTS's Recovery Plan is a strategy to drive the recovery of the Environment and Housing workstreams following the easing of restrictions as a result of the Covid-19 pandemic.

During the lockdowns, HTS has taken government advice into account at each stage and have reviewed the services we can safely deliver to limit the risk of spreading the virus to our staff and the residents we deliver services to.

New measures to gradually reduce restrictions were introduced by the Government detailing a Roadmap out of Lockdown in early March 2021.

As a result, the working restrictions that were imposed in 2020 have continued through most of Q4 of 2020/21 and Q1 of 2021/22 and have continued to have a significant effect on HTS's performance and ability to deliver services.

As a result of the changes made already and the forecast dates of further improvements, HTS and Harlow Council can start to align service recovery with the Roadmap dates and this report provides more details of how this will be achieved.

### Summary of the Governments Road Map out of Lockdown

Step 1 - Changes on 29 March

- Safer for people to meet outdoors rather than indoors. Rule of 6 introduced
- The 'stay at home' rule will end

Step 2 - not before 12 April

- Non-essential retail can open including libraries, gyms etc

Step 3 - not before 17 May

- Restrictions on meeting people outdoors is lifted meaning up to 30 people can meet outdoors
- Up to 6 people or 2 families can meet indoors
- Social distancing will be reviewed
- Most businesses can re-open

Step 4 - not before 21 June

- The government hopes to be in a position to remove all legal limits on social contact. This will be the most significant stage for HTS when potentially all work can continue without restrictions for the first time since March 2020.

### Next Steps for Recovery

HTS's Roadmap to Recovery can be set out into 3 phases:

#### Phase 1 – Restart (Short Term Objectives – 0-3 months)

##### ➤ Increase output

Works that previously couldn't be carried out safely should recommence. HTS has started this process already. This includes repairs inside resident's properties.

Projects and Capital programmes should be commenced while adhering closely to government guidance on preventing the spread of Covid-19.

Test, track and trace services for workers should help keep our sites running, as this allows us to monitor workforce availability and potential infection rates.

Shielding for vulnerable staff ended on the 30 March 2021 with all employees returning to work.

➤ **Minimise disruption**

Collaborative efforts will help minimise output lost due to Covid-19. It is therefore important for employers, contractors and supply chains to understand the difficulties caused by Covid-19 and work together to overcome them.

Prompt payments to contractors and the supply chain will also help with cash flow and prevent delays.

➤ **Identify Affected Services**

Establish a list of affected services and the extent of any backlog that may have been built up during Lockdown.

Initially prioritise actions to get services back up and running.

Establish Action Improvement Plans where required assessing timescales, resources and costs to improve performance.

**Phase 2 – Reset (Medium Term Objectives – 3 - 12 months)**

➤ **Increase productivity**

As we progress through the roadmap productivity should increase as restrictions are lifted.

Review approaches will be needed to compensate for the loss of productivity due to the requirement to implement Government guidelines across construction and the built environment

➤ **Strengthen capability in the supply chain**

It is essential that HTS maintains investment in training and retraining workers to ensure increased levels of sustainable employment.

Manage delays and availability of materials in the supply chain. Investigate options with alternative suppliers.

Subcontractors may have reduced resources due to furlough, so guaranteeing work and mobilising new contracts is critical.

### ➤ **Maximise employment**

A key element of the plan is its emphasis on skills and people.

HTS needs to make sure it retains its current workforce and fill any vacant positions to maximise its ability to deliver its services.

Training our new apprentices is key to developing talent within the business.

Develop and implement the governments Kick Start Programme and Work Experience programmes within HTS. These are being discussed in the HTS Recovery Planning meetings.

### ➤ **Preparing for barriers to recovery**

Increased demand on services when restrictions are lifted in addition to current backlogs created during Lockdown.

Operative productivity and flexible working are going to be key in recovery and we must consider what opportunities are available to us such as:

- Extended working hours during the week and weekends
- Employing additional resources
- Use of additional subcontractors
- Use of multi-trade operatives

There would be a need to consult with Unite Union to agree any potential changes to contracts.

Also, we must consider that working restrictions maybe in force until 21<sup>st</sup> June 2021 and this will have an ongoing effect on productivity.

## **Phase 3 – Monitoring and Reporting (Long Term Objectives – 6-12 months)**

### ➤ **Recovery Group for HTS activities**

Continue to develop and implement the key objectives of the Recovery Group:

Improving Business Resilience and Efficiency by a review of HTS Business Plans, Priorities and Business Continuity; enhanced communication plans aligned to Council communication plans and a robust gap analysis and performance reporting.

Reassessing HTS Community Impact by its social value programme and reporting.

HTS Environmental Impact through its Landscape programmes and policies reviews.

Creating opportunities through the HTS Group Business and Commercial growth plans, particularly in the area of apprenticeships, training, and employment for young people.

To show leadership within the local business community with regards to creating local opportunities for local people.

➤ **Role of Shared Operational Performance Meetings**

Provide regular monthly updates on Performance across the full suite of KPI's and monitor progress of Actions Plans on services that have been affected by Covid-19.

➤ **Shareholder Sub-Committee Meetings**

An opportunity for both parties to review the recovery plan and provide strategic direction to HTS.

**Workstream Summary**

**Responsive Repairs**

HTS has been closely monitoring the WIP that was built up during the Pandemic and tracking the progress of the oldest outstanding jobs that were raised between March 2020 and the 31<sup>st</sup> April 2021.

The table below illustrates the progress made up to the end of July 2021. During the 2-month period, 82% of Standard Priority jobs and 21% of Planned Priority jobs have been completed.

Priority			WIP at 31/07/21	WIP at 30/06/21	WIP at 09/06/21
Standard	S1	Complete works in 20 working days	43	103	235
Planned	P1	Complete works in 9 months	388	415	492
<b>TOTAL</b>			<b>431</b>	<b>518</b>	<b>727</b>

Additionally, the table below identifies and breaks down the WIP levels of each trade over the same period.

This will allow HTS to focus resources in the areas required to clear the oldest jobs as fast as possible.

All areas are reducing steadily and in line with plans.

<b>Housing - Outstanding WIP by Work Type</b>					
Housing			WIP at 31/07/21	WIP at 30/06/21	WIP at 09/06/21
HCAP00		HOUSING AD-HOC	9	2	16
HREBPL		BRICKLAYING, PAVING AND LABOUR	16	18	26
HREGRF		GARAGE ROOF REPAIRS	23	23	24
HRESAA		AIDS & ADAPTATIONS	-	-	2
HRESBD		DAMP REPAIRS UNDER £400	-	-	2
HRESCA		CARPENTRY	48	51	96
HRESDE		DOOR ENTRY	-	-	3
HRESDG		DOUBLE GLAZED UNITS	25	30	38

HRESDR	DRAINAGE	1	3	3
HRESEL	ELECTRICAL	3	8	33
HRESFC	FENCING	11	12	16
HRESGA	GARAGES	4	8	11
HRESGL	GLAZING	10	16	24
HRESGR	GAS BREAKDOWNS	-	1	2
HRESIN	LOSS OF INSURANCE	-	2	2
HRESPA	PAINTING	1	1	2
HRESPB	PLUMBING	7	19	32
HRESPL	PLASTERING	52	57	65
HRESRF	ROOFING	181	205	239
HRESUP	UPVC	23	32	57
HVO103	VOIDS REPAIRS IN OCCUPANCY	4	6	9
<b>TOTAL</b>		<b>418</b>	<b>504</b>	<b>702</b>

Non-Housing - Outstanding WIP by Work Type					
Non-Housing			WIP at 31/07/21	WIP at 30/06/21	WIP at 09/06/21
HMUNDR		NON-HOUSING DRAINS WORK	-	0	0
HMUNPL		MUNICIPAL PLANNED WORKS	-	0	0
HMUNOO		MUNICIPAL	13	14	25
HMCAPO		NON-HOUSING AD-HOC	-	0	0
HMUNPP		PADDLING POOLS	-	0	0
HMUNWD		WORK DEPOT	-	0	
<b>TOTAL</b>			<b>13</b>	<b>14</b>	<b>25</b>

Performance against Housing KPI's for Standard repairs has predictably been affected by the progress made in clearing the backlog of jobs, but overall movement has been in the right direction:

April **Red** 72%  
 May **Amber** 91%  
 June **Green** 96%

We also regularly carry out an in-depth analysis of the jobs included in the WIP and can identify the number of jobs in each work type that have already exceeded their target date due to Lockdown restrictions and can illustrate them by date below. Where possible the oldest jobs are being targeted first:

**Outstanding Standard jobs by age from date raised**

<b>S1 Jobs in WIP by Age</b>													
<b>Work Type</b>	<b>Apr 2020</b>	<b>Jun 2020</b>	<b>Jul 2020</b>	<b>Aug 2020</b>	<b>Sep 2020</b>	<b>Oct 2020</b>	<b>Dec 2020</b>	<b>Jan 2021</b>	<b>Feb 2021</b>	<b>Mar 2021</b>	<b>Apr 2021</b>	<b>May 2021</b>	<b>S1 Total</b>
HCAP00			1	1	1		1		1				5
HMUNOO							1	2	2	1	1	3	10
HRESCA						1					1	2	4
HRESDG								1		2			3
HRESDR												1	1
HRESEL											1		1
HRESGA								1					1
HRESGL	1	1									3	3	8
HRESPB										1	2	2	5
HRESPL								1					1
HRESUP							1					3	4
<b>Grand Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>8</b>	<b>14</b>	<b>43</b>

It is anticipated that the remaining outstanding WIP for S1's will be complete by the end of September 2021, subject to access and the availability of materials.

**Outstanding Planned jobs by age from date raised**

<b>P1 Jobs in WIP by Age</b>									
<b>Work Type</b>	<b>Dec 2020</b>	<b>Jan 2021</b>	<b>Feb 2021</b>	<b>Mar 2021</b>	<b>Apr 2021</b>	<b>May 2021</b>	<b>Jun 2021</b>	<b>Grand Total</b>	
HCAP00						2	1	3	
HMUNOO						1		1	
HREBPL	1			3	6	5	1	16	
HREGRF	8	2	3	1	1	7	1	23	
HRESCA				3	13	21	3	40	
HRESDG	1		1	2	10	7	1	22	

HRESFC	6				1	3	1	11
HRESGA				1	1	1		3
HRESGL							1	1
HRESPA					1			1
HRESPL	1	2	1	10	15	15	7	51
HRESRF	16	11	5	23	39	73	14	181
HRESUP				2	4	8	1	15
HVO103	1			1			1	3
<b>Grand Total</b>	<b>34</b>	<b>15</b>	<b>10</b>	<b>46</b>	<b>91</b>	<b>143</b>	<b>32</b>	<b>371</b>

Movements								17
<b>Total</b>								<b>388</b>

It is anticipated that the remaining outstanding WIP for P1's will be completed in approx. 9 months, subject to access and the availability of materials.

An additional subcontractor has been engaged to specifically deal with planned category works and their progress is being monitored.

Below is a summary of the existing service provision:

- Compliance - Gas Servicing -To date, all gas services nearing their expiry date have been attended to. HTS has now managed to create 2-month buffer between expiry date and due date.
- Compliance - CO and Smoke Testing. As these are primarily undertaken alongside the gas service the above applies.
- Compliance - Emergency Lighting Testing. All tests are in date and compliant. The service has now managed to create a 4 week buffer ahead of programme.
- Compliance – Non-Housing Electrical Tests. All tests are in date and compliant. The service is working towards building a 2-4 week buffer.
- Void Refurbishments - The programme is active with amended systems of work and carried out to HSE requirements. Additional subcontractors will be employed where practical. The programme and methods of working will hopefully adapt and make increased productivity possible. Possible team working resumed and more effective use of staff attending multiple properties on the same day.
- Fixed Price Kitchens (voids) - The programme and methods of working will hopefully adapt along with revised Government guidelines and make increased productivity possible and regular utilisation of preferred contractors will be in place.
- Fixed Price Boilers (voids) - Work continues under the guidelines and safety requirements of the void programme.
- Emergency and Urgent Priority Requests - The main trades involved are Gas, Plumbing, Electrical, Carpentry and Drainage. These priority orders have been undertaken since the start of the lockdown period and will continue.
- Roofing - Service has resumed with amended risk assessments and method statements are in place and additional preferred subcontractors.
- Fencing - Continuation of service has commenced.

- Bricklaying, Paving - Continuation of service has commenced.
- Drainage - Continuation of service has commenced.
- Garages - Continuation of services but to also include roof repairs depending on client Asbestos surveys resuming.
- Communal and Landlord Areas - Continuation of services.
- Non-Housing - Continuation of services, dependant on the client's assistance for access arrangements where building are currently closed.
- Routine/Standard Orders - This area of work will be totally dependent on the priority of the orders themselves, the backlog of WIP and the priority status of orders already in the system. Increased investment in sub-contractor and possibly agency resources will need to be considered, along with possible incentive payments or changes to working hours for HTS staff/operatives to address what will be a large backlog of orders.

## **Capital Works**

### **Internal Works**

Works consist of all elements covered within the Decent Homes categories covering Kitchens, Bathrooms, Rewires and Central Heating works.

The programme has now restarted and:

- all remaining properties have now carried over and will be prioritised for completion in 2021//22 programme
- the 2021/22 asset list has been issued to HTS and pre-start surveys and designs are on-going.
- the 20/21 Programme is now back to a normal productivity levels, with completions and handover requests increasing weekly

### **Aids and Adaptations**

Works consist of various Aids and Adaptations to Council properties.

The programme has now restarted and:

- all remaining properties have now carried over and will be prioritised for completion in 2021//22 programme.
- projects for the 2021/22 portion of the programme are now being released
- we are seeking more projects due to an increasing availability of our supply-chain workforce.
- programme is demand led and projects will continue to be released as authorised.

### **Compliance**

Works consist of electrical testing and remedial works where required and:

- the entire asset list for 20/21 is now complete and the 21/22 programme of testing and associated works has commenced.

- we have now moved to testing the laterals for the tower blocks.
- Due to the spend being lower than expected additional works to defined projects to non-leasehold blocks are being scoped, the lighting at Sumner Farm Close and electrical upgrades at Netteswellbury Farm, with the inclusion of external charging points for mobility scooters has been re-prioritised.
- Other non-leasehold schemes are being sourced to bring into the programme as bringing forward too many properties from 2021/22 will start to upset the flat-line approach to the 5-year programme.

## **Externals**

Works consist of a series of re-roofing projects across the town.

- Pitch roofing has commenced where possible, although roofs that require Redland tiles will be delayed due to a 20-week delivery date.
- The flat roofing supply chain is proving difficult to secure and we are continuing with a further procurement to exercises to limit the delay, although works have commenced on urgent properties.
- A list of properties has been provided, although additional and adjacent tenanted properties will be included to maximise value and for added asset management benefits.

## **Garages**

Works consist of refurbishment and demolition of various sites across the town.

The programme of works is now progressing well with works concluded in East Park and we are making good progress in The Hides.

Planning notices for the 21/22 programme are being prepared and scoping of the works is in progress.

## **Resources**

HTS has employed additional resources to be able to deliver the remainder of the 20/21 programmes alongside the 21/22 programmes. This will include:

2No. Site Managers,  
 1No. RLO,  
 1No. Administrator,  
 1No. Quantity Surveyor  
 1No. Electrical Quality Inspector

## Recovery Plan for Environmental Services

### Parks and Landscapes

<p><b>Recruitment</b> problems due to furlough scheme reducing availability of staff and late start in recruitment due to lockdown of both our activities and the recruitment sector and inability to complete remote interviews (skill set of likely workers)</p>	<p>End date of furlough is end October 2021. This is due to the end of the summer work programme and therefore reduced staffing need. Until this date we are continuing to try to recruit and supporting this by offering a wide range of overtime. Take up is optional for employees though. To protect against a repeat next year we will recruit the summer agency staff early and take on extra permanent staff. We will look to use other methods of accessing temporary staff if this is not successful (recruitment shows, etc)</p>
<p><b>Absence</b>– sickness from covid and time off for isolation. This links to the management resource to deal with these cases.</p>	<p>This is ongoing with 16 front line employees being unavailable to work at times. Current levels are much lower than this but we predict this may increase over the winter period with flu and covid expected to increase. Isolation for ‘track and trace’ has recently finished, so this will improve the situation and we’ve had reduced covid related absence recently. Current covid rates are raising and likely to speed up with the children returning to school in early September. End date likely to be about April 2022, following the winter ‘flu season’ – but obviously hard to predict. We continue to actively remind staff of the importance of social distancing, regular lateral tests and reporting of symptoms</p>
<p><b>Annual leave</b> burden from agreed carry over</p>	<p>In line with government advice we permitted annual leave ‘carry over’ due to the lack of availability of holidays and the need for maximum workforce to carry out the works during lockdown periods. This has been spread over 2 years, with up to 5 extra days holiday in each year. We believe this is manageable, but ongoing minor impact until April 2023</p>
<p><b>Vehicles</b> – increase usage</p>	<p>There has been an increase in the number of vehicles in use due to social distancing requirements. This has now been removed with the summer work (working off mowers) and the reduced requirement for social distancing since late July. We have a couple of teams who have 5 or 6 to a van and this has been reduced until lower covid rates (vulnerable employees) – therefore ongoing until about April 2022</p>

	following likely high winter rates.
<b>Weeds</b> – high level of weeds due to pulling back a year of weed spray activity and reduced cutting in periods of lockdown.	2021 has allowed weed sprays to recommence and therefore the impact will be being reduced each time. We expect 2022 to show much reduced weeds around the town. There is a 3 year cycle for weed spraying and therefore a minor impact will be ongoing until 2023.
<b>Grass growth levels – Restricted access</b> to areas to cut grass due to both increase parking making cutting difficult and also a significant increase in knee-rails around the town	<p>The access from parked cars has been slowly improving in recent weeks, however with long term increase in working from home likely, it is expected for this to continue into the future.</p> <p>This has been exasperated by the significant amount of knee rails being put in place to control informal parking. These reduce access points for mowing kit, requiring either smaller machinery or strimming of areas that used to be mown rapidly by larger machines.</p> <p>We will use the winter period to review our rounds and access points alongside the new parking, considering the requirement for different machinery and longer rounds if necessary. Working alongside the client to make as efficient and cost effective as possible.</p> <p>Expect Spring 2022 when mowing season starts that improvements will be made, and in line with adjustments to the round or significant return to the workplace policies, we would look to have a full solution by Spring '22 onwards with a backstop position by the end of Summer 2022.</p>
<b>Grass growth levels - weather factors</b> (large amounts of sun, then rain in the growing season)	<p>There is no doubt that weather this Summer has had a direct impact on the voracity of plant and grass growth. We've had a very challenging summer period due to the weather.</p> <p>Since the middle of August, the main growing has finished and the weather has slightly improved, allowing us to complete our rounds, with one further round planned before the winter season commences.</p> <p>The grass should be in a reasonable condition (although not perfect due to long grass being cut) for winter therefore recovery by October 2021 (obviously with the access issues to consider)</p>
<b>Grubbing out work</b> (brambles and the like)	We have 2-3 weeks of this work to complete that we are this year utilizing additional subcontracting resource to allow more focus on other works for our inhouse team.
<b>Hedges</b>	Due to the reduced works undertaken during Winter 2020/21 (Covid lockdowns) this

	<p>has led to the significant growth now visible. Due to legislation this couldn't be tackled until late September (and we didn't have the resource for the reasons set out above).</p> <p>We will work our way through our winter programme as normal, hopefully with additional staff, but we expect increased complaints over the winter season. By the end of the winter 2021/22 it should be much improved but won't look aesthetically pleasing due to the need to hard cut the increased growth.</p>
<b>Tree works</b>	<p>Due to social distancing requirements over last year, it has been difficult for the arborists to work to their normal efficiency. Their work, with the use of ropes and climbing, requires close proximity working regularly and their inability to complete this has led to a backlog. Staff shortages also contributed to the backlog.</p> <p>HTS are working hard to overcome this with the use of sub-contractors and this has dramatically reduced the backlog in the last couple of months. We will also bring the town wide survey and works on board in 2022 which will in the long term have and much greater impact going forward</p>
<b>Machinery - supply of parts</b>	<p>This has become a particular problem over the last 2 or 3 months, seeming to increase recently. We have controlled this by the keeping of stock, good maintenance programme and the skill of our in-house mechanics.</p> <p>No significant impact to date although we currently have machines awaiting key parts. We need to be aware the lack of parts may impact delivery over the winter. We will continue to monitor and plan ahead to reduce this wherever possible.</p>
<b>Allotments</b>	<p>The allotments were not managed during the pandemic in 2020 and the start of 2021 due to Covid lockdowns, and for the same reason residents reduced work on them in line with lockdown restrictions and increased illness and isolation generally.</p> <p>HTS have been working through the required 32 plots that we clear and re-let each year and have been carrying out further plots where we have the resource to do so (this is completed by our ETF team).</p> <p>We will continue to work alongside HDC (Patrick) to support their work, to enable these to be brought back to a suitable standard. Timescales are dependant on resident engagement or investment from HDC – perhaps a joint initiative here? It is hoped that they will be in a suitable position ready for Spring 2022.</p>

### Street Cleansing

<p><b>Recruitment</b> problems due to inability to interview and take on new staff because of lockdown Also concern about HGV drivers for sweepers</p>	<p>End date April 2021 – this is no longer an issue, but did have an impact earlier in the year, although not as significant as other sections and no requirement for seasonal workers. One recent street cleansing position has been difficult to cover. We have been trying to book training for further HGV training for potential sweeper drivers, which is yet to be available. We are also aware that our current drivers are likely to be offered more attractive packages in other businesses due to the nationwide lack of HGV drivers – none of this is currently having an impact, but we are working to reduce a future problem.</p>
<p><b>Absence</b>– sickness from covid and time off for isolation. This links to the management resource to deal with these cases.</p>	<p>This is ongoing and likely to increase over the winter period with flu and covid expected to increase. Isolation for ‘track and trace’ has now finished, so this will improve the situation and we’ve had reduced covid related absence recently. Current covid rates are raising and likely to speed up with the children returning to school in early September. End date likely to be about April 2022, following the winter ‘flu season’ – but obviously hard to predict. We actively remind staff of the importance of social distancing, regular lateral tests and reporting of symptoms</p>
<p><b>Annual leave</b> burden from agreed carry over</p>	<p>In line with government advice we permitted annual leave ‘carry over’ due to the lack of availability of holidays and the need for maximum workforce to carry out the works. This has been spread over 2 years, with 5 extra days holiday in each year. We believe this is manageable, but ongoing minor impact until April 2023</p>
<p><b>Vehicles</b> – increase usage</p>	<p>There has been an increase in the number of vehicles in use due to social distancing. This has now been removed and we have returned to normal.</p>
<p><b>Detritus levels</b> – due to lockdown and no full sweeping ‘wave’</p>	<p>Our ‘wave’ system was halted during full lockdown, to enable social distancing to be observed. We returned to the wave system in April 2021, and eventually to a 2-wave system (normal level) by May 2021, although this has been reduced to 1 on numerous occasions due to absences from covid predominantly.</p>
<p><b>Detritus levels</b> – due to private vehicle parking on grass verges, increased residential parking, long wet grass offcuts and temporary pedestrian barriers.</p>	<p>We managed to fully clean the town by the end of May 2021 and continue to do this, however there are a number of areas where we have been unable to access due to an increase in parked cars in estates (due to home working) and also pavement damage and mud due to vehicles parking on grass verges.</p>

	<p>This has recently reduced, but likely to be an ongoing, long term problem if home working trends continue. Discussions with HDC to be held to find ways to manage or accept this, particularly with the Keep Britain Tidy report expectations (likely a national problem – perhaps benchmark results).</p> <p>We have also been working to clear the offcuts from our grass cuttings, which have been more substantial and wetter than normal. This has improved since about mid-August, but a minor impact continues.</p> <p>The pedestrian barriers for covid segregation have enabled a ‘collection’ of litter and detritus to build up in these areas which are not possible to clear without manual intervention. Most of these barriers have been cleared throughout the last month and the impact from this will be over by October 2021 after a couple of waves.</p>
<b>Fly tipping</b> increase – due to more domestic projects, some waste site closures etc	This has been a significant drain on manual labour resources over lockdown but has now reduced and is now slightly higher than pre-Covid levels, but manageable – no major ongoing impact
<b>Litter increase</b> (loose and in town bins) – due to more exercise, closed restaurants and significant increase in takeaways / picnics	<p>The litter levels, including levels of litter in bins, have continued to be high, although now starting to reduce from pre-June 2021 levels.</p> <p>We have been supported by the work of the Harlow wombles, which has reduced the impact, and HTS have worked closely to collect all the increased litter collected rapidly. This is above normal levels, but under control, therefore no ongoing impact.</p>
<b>Vehicles</b> down time due to lack of parts	<p>We have struggled with getting rapid turnaround times from our sweeper hire company, which is due to the difficulty in supply of parts.</p> <p>Unfortunately we aren’t able to foresee the impact in the future, but will continue to work closely with them to resolve any issues</p> <p>We are looking into our new contracts for sweepers currently and hope to enable some inhouse works as part of this.</p> <p>Whilst these are now dealt with, there was an impact on service delivery and to a degree this is likely to be ongoing (as above)</p>
<b>Building Cleaning and Caretaking</b>	
<b>Recruitment</b> problems due to inability to interview	End date April 2021 – this is no longer an issue, but did have an impact earlier in the

and take on new staff because of lockdown	year, although not as significant as other sections and no requirement for seasonal workers
<b>Absence</b> – sickness from covid and time off for isolation. This links to the management resource to deal with these cases.	This is ongoing and likely to increase over the winter period with flu and covid expected to increase. Isolation for ‘track and trace’ has now finished, so this will improve the situation and we’ve had reduced covid related absence recently. Current covid rates are raising and likely to speed up with the children returning to school in early September. End date likely to be about April 2022, following the winter ‘flu season’ – but obviously hard to predict. We actively remind staff of the importance of social distancing, regular lateral tests and reporting of symptoms
<b>Annual leave</b> burden from agreed carry over	In line with government advice we permitted annual leave ‘carry over’ due to the lack of availability of holidays and the need for maximum workforce to carry out the works. This has been spread over 2 years, with 5 extra days holiday in each year. We believe this is manageable, but ongoing minor impact until April 2023
<b>Vehicles</b> – increase usage	There has been an increase in the number of vehicles in use due to social distancing. This has now been removed and we have returned to normal, with one exception.
<b>Covid sanitisation works</b>	HTS cleaning team have worked throughout the pandemic, increasing work to ensuring high levels of sanitisation, particularly of touch points and also in critical areas such as public toilets, doctors waiting rooms (Latton Bush) and the bus terminal. We have also increased filling of dispensers (increased washing) and sanitising. This work is ongoing until at least April 2022, and we have resourced this accordingly, so no impact to service.
<b>Void clearance and cleaning works</b> – due to lack of void management because of lockdown, leading to a ‘flood’ of voids from April onwards	We have had a significantly increased levels of void clearance and void cleaning works whilst the backlog was overcome from lockdown, this was overcome by use of an additional contractor for the clearance and two agency cleaners for the cleaning works. This has returned to about normal levels in August 2021. With covid and flu levels likely to be high this winter, there is a likelihood of further deaths and therefore increased voids works, but also continued absences and therefore potential impact until about April 2022 – we will plan for this and hope to avoid impact to service.

<b>Transport</b>	
<b>Absence</b> – sickness from covid, shielding and time off for isolation. This links to the management resource to deal with these cases.	This has had a particular impact on this team, due to it's small size and a number of medical conditions. The work has continued to be well managed, and all MOT, Servicing, Inspections and general repairs have been completed throughout. We expect ongoing issue through the winter period with flu and covid expected to increase.
<b>Vehicle increase</b> – due to social distancing	The team have managed additional vehicles (planned for sale) to enable social distancing and the maximum workforce availability. This has led to increased work for the team to maintain but has been successfully completed and with the recent reduction, this impact has now been removed. With no further lockdown expected, we don't foresee a continued impact here for the team.
<b>Annual leave</b> burden from agreed carry over	In line with government advice we permitted annual leave 'carry over' due to the lack of availability of holidays and the need for maximum workforce to carry out the works. This has been spread over 2 years, with 5 extra days holiday in each year. We believe this is manageable, but ongoing minor impact until April 2023
<b>Supply of parts</b>	There has been some impact on supplies, which is generally been worked around well, but particularly impacting our sweeper service from Go Plant (see above in Street Cleansing)
<b>Waste</b>	
<b>Non-recyclable waste</b>	Due to the increase in litter (see Street Cleansing) this has led to an increase in non-recyclable waste coming into our waste station. This is already having an impact on our recycling rates unfortunately and expected to continue until winter – perhaps November 2021 The team are working to find new and innovative ways to improve this in other ways, such as reuse of some voids waste. HTS have introduced a weighbridge to

	understand waste volumes better, particularly for subcontractors, and recovering cost in scrap metal for example.
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## Summary

Reinstatement of services has been based on a risk assessed approach and encapsulated government advice on social distancing and self-isolation in order to work as safely as possible.

The key safety measures will need to be employed:

- Frequent hand washing
- Use of PPE where appropriate
- Travelling with one person per vehicle
- Regular lateral flow testing of front-line operatives

As we move through each of these phases in the roadmap, we must all remember that Covid-19 remains in the community. We must carry on with 'hands, face, space'. Comply with the Covid-Secure measures that remain in place. Get tested when needed. Get vaccinated when offered.

**REPORT TO:** SHAREHOLDER SUB COMMITTEE

**DATE:** 28 SEPTEMBER 2021

**TITLE:** HTS GROUP LTD BUSINESS PLAN ( SCOPING DOCUMENT)

**LEAD OFFICERS:** CHIEF EXECUTIVE AND SENIOR MANAGEMENT BOARD

**RECOMMENDED that:**

- A** Shareholder Sub Committee approves the scoping document as set out in Appendix 1 to the report.

**BACKGROUND**

1. Following the completion of the Best Value Review 2019, HTS (Property and Environment) Ltd were awarded an extension to its existing contract for a further 5 years to 2027.
2. To align to the Council's ambition for its Local Authority Trading Company (LATC) outlined at the Committee in July 2021, it has requested HTS to develop and update its current Business Plan to reflect the new vision.

**ISSUES/PROPOSALS**

3. Meetings were held on the 5 June 2021, and 10 August 2021 between HTS, Harlow Council and Councilor's to discuss the Scoping Document in more detail and to agree the principles, themes, and priorities included in the Scoping Document. Once approved, the scoping report will inform the direction of the new HTS Group Ltd Business Plan which will be presented to Cabinet in February 2022.

**IMPLICATIONS**

**Environment and Planning (Includes Sustainability)**

As set out in the report.

**Author: Andrew Bramidge, Head of Environment and Planning**

**Finance (Includes ICT, and Property and Facilities)**

Finance implications are to follow.

**Author: Simon Freeman, Head of Finance and Property and Deputy to the Chief Executive**

**Housing**

As contained in the report.

**Author: Andrew Murray, Head of Housing**

**Community Wellbeing**

None specific.

**Author: Jane Greer, Head of Community Wellbeing**

**Governance (Includes HR)**

The scoping document should align to the outcomes of the Best Value Review reported to Cabinet in 2019.

**Author: Simon Hill, Head of Governance**

**Appendices**

Appendix A – HTS Group Ltd Business Plan Scoping Report

**Background Papers**

None.

**Glossary of terms/abbreviations used**

LATC – Local Authority Trading Company

## **Outline Business Plan – Scoping Document**

### **Executive Summary**

The purpose of this scoping paper is about transforming the HTS Group and preparing it for the next phase of its journey, not only to deliver its current BAU activity, but to also enter new markets and be more commercially focused in the East of England. HTS is going to be an enabler to meet the council's ambitions to regenerate the town and build more houses.

The beginning of this new era will involve the creation of a number of new companies under the HTS Group banner. The new structure will allow HTS to take advantage of synergies within the Group and really accelerate growth and development.

Since 2017 we have taken our first few cautious steps, but now it is time to unleash the potential HTS has. Increase our risk appetite. Expand our commercial practice. Grow the business in the way the Shareholder intends.

Looking ahead, we want to step up the game. To accelerate and drive business growth hard. We remain fully committed to our priorities and we are determined to do more.

Within the HTS Group, we need to enhance the things that connect us, identity, values, culture, strong relationships, care for the environment, but also recognise and act accordingly in the context of the different new entities in the Group.

Each Company in the Group will require a different purpose and require a different approach to succeed.

The key themes to achieve this will include the following:

- There is a need and ambition to accelerate and drive business growth. This will need to be planned and prioritised into short, medium, and long-term objectives.
- Deliver new investment, new skills to the workforce and leadership team to build in scalability and resilience into the company
- The purpose of HTS is to deliver the core work and more of it, but to also focus on internal and external growth and diversification
- Initial growth markets should align to existing competencies within HTS to maximise opportunities
- The business must be characterised by ambition, innovation, leading, fit for the future, early adopters, grasping opportunities, prepared to invest in order to grow which might mean limited returns in the short-term increasing over the medium and long term.
- To achieve this:
  - Harlow Council work to be truly maximised and made easier to secure
  - A shared commitment between HTS and Harlow Council in delivering efficiencies both across client and delivery activities. Harlow Council will commission work that will be delivered by HTS through a collaborative relationship. Types of efficiencies have been categorised into short, medium, and long term:

*12 months	1-3 Years	4-6 Years
Short Term Efficiency	Medium Term Efficiency	Long Term Efficiency
Simplify processes for Business Case submissions including procurement of longer-term framework		
Agree measures for VFM criteria		
Agree Risk appetite and form strategy for securing work in new markets		
Focus on delivery of services linked to covid recovery plans and Best Value Review		
Review Performance Improvement through BVR actions relating to KPI's		
Revised overhead structure to share and save costs		
	Introduce Technology to facilitate delivery of new markets and existing services. Detailed proposals to be included in the Business Plan	
	Investment in vehicles/plant - aligned to investment plan	
	Improve Customer satisfaction by introduction of enhanced customer processes and access	
	Improve communications	
	Improve sickness levels to reduce use of additional agency staff	
		Increased Profit return to HDC – see financial forecast and efficiencies including cashable efficiencies such as SLA's, loans etc.
		Identify and reduce duplication

\*next 12 months from agreement of Business Plan in February 2022

- HTS to establish a platform for external growth by providing confidence in delivery and performance by allocating the required resources and investment when required
- Increased risk appetite, lodge accountability and permission with HTS for growth
  - delegations need to match this commitment
- Sharing of the ambition with Council and cross-party colleagues and use the opportunity to derive a new narrative and develop a mechanism to communicate what will be different this time.
- Review HTS branding so as to be seen as more than just a Harlow Council contractor
- Ensure the Recovery Plan from the Covid-19 pandemic is achieved and does not impact on BAU

## Recovery

HTS's Recovery Plan is a strategy to drive the recovery of the Environment and Housing workstreams following the easing of restrictions as a result of the Covid-19 pandemic.

Covid-19 restrictions have delayed the delivery of a number of different work-streams and the extent of the delays have had a significant impact on delivery in 2020/21. A plan has been developed that details the actions and time scales that HTS are taking to facilitate Business as Usual activities as soon as possible.

Monthly updates on progress against the plan are communicated to key stakeholders and we are on schedule to complete as detailed in the plan.

## Carbon Reduction Strategy

As part of the Business Plan HTS will need to identify and commit to the level of carbon emission reductions it will achieve over the period of the plan and to commence the critically important work required to prepare to meet Net Zero commitment by 2040.

To understand what is achievable over the duration of the 5-year plan HTS will prepare an Action Plan to identify what areas improvements can be targeted and what overall carbon reduction can be achieved with associated costs.

By implementing the action plan HTS will be-able to develop an evidence-based assessment of what is possible in terms of carbon reduction by 2026 and communicate this in August 2022.

We will develop and deliver a new carbon reduction plan which will set out how HTS aims to contribute further still to safeguarding the environment and reduce consumption of finite resources. Reducing what we use, changing how we do things and influencing others.

A potential carbon saving for HTS of 39 tonnes over the next five years has been identified in the Councils Plan and we will work together to finalise this proposal.

There is a significant investment programme proposed, largely centred around specialist staff, ICT, and plant. In the past the approach to fleet acquisition has been like for like replacement with some variance around the margins (such as electric vehicle provision). Going forward a more strategic approach will be taken aiming to reduce costs, optimise service delivery and make a better contribution to carbon reduction and this will include a new fleet strategy.

## **This Business Plan**

### **What's different than before – a New Deal**

- Symbolises a joint commitment from Harlow Council / HTS for action and change
- Reflects the ambition of cross-party political leadership who are all determined to achieve significant growth
- This document is a call to arms – if it's in here, it gets done
- The Business Plan gives permission to act and provides the authority to do so
- This commitment needs to be demonstrated by a lengthy extension to the core contract

## **About HTS Vision**

We will be a key provider of public sector services in the East of England. Strategic direction will be required to focus on what the key sectors and geographical boundaries HTS will target and a detailed plan in the first 5 years of the plan.

The Business Plan ideally needs to specify markets and opportunities that HTS to can sell on initially and develop new strands as expansion occurs e.g., Capital/Planned Works, Facility Management, House Building.

Develop opportunities in Housing and Environment to maximise service provision improvements and efficiencies through the ASC.

All options should be considered including acquisition and JVs with other teckal organisations.

Develop leadership accountability values for the larger Group

Review the possibility of a Community Interest Company to dedicate time and resources and deliver added value in the communities we work in.

## **Values**

Our values demonstrate our commitment to our mission, grouped into 6 key areas:

### **Commercial Values**

- Add social value through the contracts we secure
- Deliver forecast turnovers and profit margins
- Understand the markets we operate in, including competitors, clients, and supply chain
- Generate efficiencies through the core contract
- Efficiently manage cash flow
- Delivering a financial return to the Council
- Tax efficient structure to minimise tax

### **Leadership and accountability**

- Have a clear vision of where we are going.
- Consider the customer, client, employee, and community needs when making decisions.
- Accept personal accountability to meet the business needs, improve our processes and help others improve their effectiveness.
- Value and reward open, honest communication.

### **Customer Satisfaction**

- Consider the customer in all we do.
- Fulfil the expectations of our customers and employees.
- Deliver what's right for the customer.
- Treat our customers with care, respect, and consideration.

### **Safety and Environment**

- To ensure the protection of people and the environment over competing goals.
- Recognise, correct, and always report potential hazards.
- Take responsibility for our own safety and for those around us.
- Make Harlow a place where people want to live and work.

### **People**

- Our employees will always be our most valuable asset.
- Recruit and retain the best people to work for us.
- Build the business from within by developing, promoting and rewarding people in line with their performance.
- Encourage and promote healthy lifestyles for our employees.
- People development and growth in organisational capacity to achieve stated ambition for organisation. We must invest upfront rather than just organically. Otherwise, growth will be too slow.
- Need to also identify skill base required to add value to our proposition – continue to play to our current strengths but build on the skill and knowledge we'll need by recruiting the right people. Don't be afraid to invest then accumulate.

### **Ethics**

- Maintain the highest standards for customers, employees, clients and communities.
- Be accountable for our conduct and decisions.
- Only make promises we intend to keep.
- Avoid any conflicts of interest and operate within the law.

### **Successes**

- Investment in the business including fleet, plant and equipment to deliver services reliably and efficiently
- SLAs with Harlow Council
- Return of dividends to Harlow Council off circa £2.5m to date
- Delivering on performance requirements

- Delivering above Social Value targets
- Providing Apprentice and work experience opportunities in the community
- Local employer with 80% of employees living and working in Harlow – keeping the Harlow pound in Harlow
- Excellent CSR achievements and investments in the community
- Sustained compliance accreditation of ISO 18001, 9001 and 14001
- Strong and robust H&S culture
- Awards such as RoSPA Gold and Customer Excellence
- Reduced Planned category repairs to 9 months

### Missed Opportunities

- Third Party Growth
- Low HTS visibility beyond Harlow Communities
- Ability to recruit staff with right skills due to constraints of T&C's
- Lack of aspiration for HTS
- Unable to achieve fundamental buy in on our joint objectives with stakeholders

### Summary Objectives

Source	Objective	Target Date	Delivered through
HTS / Harlow Council	Agree new financial plan / investment strategy  Commissioner = HC Delivery partner = HTS  Procurement strategy optimising PCR 2015  Establish regular pipeline oversight – truly focus on delivery	February 2022	Budget setting processes and new business plan Commissioning agreement  New Procurement Strategy  Monthly meeting
Teckal	Maximise Harlow Council work – see financial modelling summary	February 2022	Capital programme House building FM Regen Unknowns
Teckal/Harlow Council	Joint commitment to achieve savings	August 2022	Develop efficiency plans jointly
Trading Co.	Establish external business Develop BD strategy Set up new trading company	2 years	Additional skilled resources
Teckal & Trading Co.	Carbon Zero	Agree carbon reduction saving over duration of 5-year plan	Retrofit heating – through Housing and Non-housing Capital Programmes, new vehicle strategy, Mead Park energy

			improvements
Teckal & Trading Co.	Measured and increased Customer experience	2022	Working groups and technology. Benchmarking
Teckal & Trading Co.	Quality & compliance	2022	Benchmarking. Process improvement
Teckal & Trading Co.	Investment in Staff	2022	Training, CSR. T&C's
Teckal & Trading Co.	Safety	2022	Continued IT investment and cultural changes
Teckal & Trading Co.	Social value	2022	CIC

### Potential Market Opportunities

Activity	Clients	Resources	Timescale to implement	Procurement	Potential Value Per Annum
Capital/Planned Works	Local Authorities/ Housing Associations	BDM, Estimator, Bid writer	3-6 months	Tendering, frameworks, other LATCo,s	£1m
FM	As above, local businesses, hospitals	BDM, Estimator, Bid Writer	3-6 months	Tendering, frameworks	£200K
New Build	As above	BDM, Estimator, Director, Bid writer	6-12 months	Tendering, frameworks	£1m
Other, EV charging points etc	As above plus HDC for charging points	As above	6-12 months	Tendering, frameworks	£2m
Landlord	Internal Opportunity with HDC Investment	Housing Management Team	6-12 months	In HTS control	£1.5m

As the BP is developed market opportunities will need to form part of a wider discussion to formalise the targets for HTS.

## Master Objectives

Objective	Reason required	To Commence
Ensure continued delivery of Business-as-Usual activities and completion of Best Value Review Actions and delivery of covid Recovery Plan	Its key to continue to deliver core services and deliver Recovery Plans to reduce WIP and backlogs built up during the pandemic	In progress
Develop longer term plans with Council Officers to set out teckal work plans and budgets – Capital Works, FM, Cleaning Non-Housing	Agree longer term commitments where possible	December 2021
Develop strategy and opportunities in Housing and Environment to maximise service provision, improvements and efficiencies through the ASC	To combat effects of covid and reduced budgets	December 2021
Review resources and staff skills and capabilities to deliver BP	Resources must be available and skilled with relevant experience	December 2021
Develop low risk tax efficient agreement for teckal works	Limit corporation tax liabilities	November 2021
Change Governance	Review and amend existing arrangements to ensure the BP can be effectively delivered	*February 2022
Establish new market opportunities	Business development role to be established	*February 2022
Establish if additional bolt on services are required to deliver the BP	Agree market opportunities and assess skills required	*February 2022
Maintain Business Sustainability	Ensure correct governance and monitoring of growth aligns to plans	*February 2022
Embed cultural change in both organisations	Required to deliver new BP objectives, assisted by review of VFM criteria and Risk Strategy	April 2022
Add commercial value	To ensure HTS thrives within the East of England region to the benefit of its stakeholders	Ongoing from years 1 to 5

Add social value	To ensure HTS continues to be seen as credible social value advocate	Ongoing from years 1 to 5
Look at the feasibility of developing a sustainable Community Interest Company	To dedicate time and resources and deliver added value in the communities we work in with enhanced social objectives such as increasing skill base, positive environmental impact, improved delivery of services. Look at potential of forming a skills academy to retrain operatives in future initiatives such as upskilling from gas engineers to installing electric heating.	August 2022

*\*To commence when Business Plan is approved at February 2022 Cabinet*

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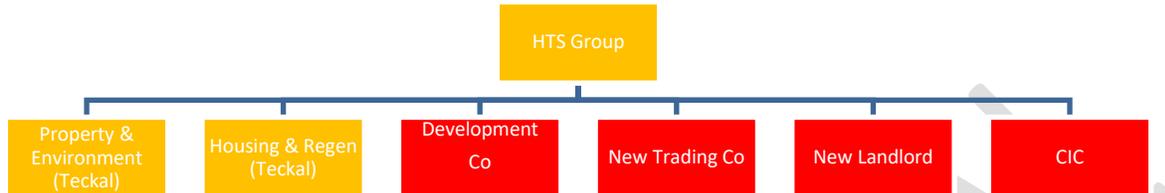
## Governance

- Build capacity in governance structure and leadership team to manage growth
- Clarification of Shareholder stake in HTS. A strong and agile business? A healthy balance sheet? Appropriate levels of reserves for investment? Guaranteed dividend? Prepared to invest to allow HTS to grow meaning lower returns in early years?
- Agree levels of investment to deliver the required growth:
  - Business Development Manager - 100K PA gross
  - Bid Writer for Quality elements of tenders - 90K PA gross
  - Estimator experienced in Refurbishment, New Build and FM - 90K PA gross
  - New IT systems and support to deliver different types of work i.e., FM provision, estimating software – 100K investment with 50K PA ongoing
  - Construction Director - 130K PA gross
  - New management team for delivery of trading company works
  - Make investment of circa 510K upfront for additional overheads to deliver the increased turnover
- Harlow Council to be the commissioner and HTS as the enabler
- To drive efficiency by looking at maximising skill sharing within HTS and Harlow Council
- Develop the skill base of the current directors to assist in the growth and ambitions of the company whilst looking to employ sector specific Exec directors for specialist opportunities.
- HTS to be the delivery arm for Harlow Council and undertakes client & contractor role wherever possible – delegated authority and appropriate scheme of delegations which includes MD / Board level authority for all financials if within the parameters of the business plan. This means move appropriate client functions in and have strategic and advisory expertise in the company
- Harlow Council as shareholder retains small and more strategic list of reserved matters such as maximum value of contract, duration and value.
- Much higher risk appetite for HTS in order to achieve growth
- Establish new trading company which will require investment and deliver limited returns in early years, investment in people to source and secure new workstreams
- Up to 5 years to return net profit but more detailed modelling is required once the profile of work is confirmed.

## Structure

### Existing Structure

### Potential Structure – new companies



### New Companies in the HTS Group:

Company Name & Purpose	Timescale to Start	Scale £
Development Co – to acquire land, design and construct new properties	6-12 months after BP sign off	£3,000,000
Trading Co – to secure and deliver work outside of Harlow	1-4 months after BP sign off	£1,000,000
New landlord – to manage properties owned by H&R	12-18 months after BP sign off	£500,000
CIC – community investment company with enhanced social objectives	18-24 months after BP sign off	£250,000

See over-arching financial forecasts for more detail.

HTS Group will provide shared services to the other companies in the group when they are formed including Finance, HR and H&S departments. Each company will contribute to the shared overhead proportionally. Also, the new Business Development function will be managed centrally through Group.

## Over-arching Financials

Subject to external advice on appropriate structure / avoiding tax leakage. Establish mutual arms-length trading arrangements. Below are sources of value from HTS to Harlow Council:

- Source 1 = HTS to pay market rents for Mead Park and other leased sites, support service costs, borrowing
- Source 2 = HTS / Harlow Council shared commitment to efficiency – this will improve HTS ability to compete and drive down costs in both entities - %age TBA
- Source 3 = HTS charge core contract plus 5% = guaranteed dividend (to be calculated pre and post investment for the future / delivery)
- Source 4 = Harlow Council investment programme (3 years) = with a guaranteed level of turnover from Harlow Council, HTS will guarantee a dividend
- Source 5 = HTS external trading co returns – from the medium term onwards
- Source 6 = Recognise historical corporation tax risk and regularise this going forward

Overleaf find a more detailed forecast detailing a range of projections including Steady, Dynamic and Slow growth scenarios of turnover and profit over the next 5 years.

### Forecast 2021-2027 (6 years including current year)

We have developed high-level modelling under three different scenarios and routes that HTS could follow:

SCENARIO 1 - Steady Growth	2021-26
HTS GROUP TOTAL REVENUES	261,200
HTS GROUP CUMULATIVE PRE-TAX PROFIT / (LOSS)	5,247

SCENARIO 2 - Dynamic Growth	2021-26
HTS GROUP TOTAL REVENUES	290,720
HTS GROUP CUMULATIVE PRE-TAX PROFIT / (LOSS)	8,067

SCENARIO 3 - Slow Growth	2021-26
HTS GROUP TOTAL REVENUES	238,622
HTS GROUP CUMULATIVE PRE-TAX PROFIT / (LOSS)	1,667

The forecasts are as a result of more detailed modelling and a number of assumptions have been made under each scenario and these will form the basis of the financial proposition included in the final Business Plan once they are agreed.

## Teckal Co

- Make teckal work as easy as possible
- Satisfy VFM 'in the round', not job by job. Individual business cases no longer required
- Efficiency – joint commitment HTS and Harlow Council
- Dividends as set out above
- Procurement – PCR2015 applies but agree optimum position – needs procurement experts who understand how to flex PCR, category management specialism (e.g., construction), etc
- Regular monthly pipeline meetings to ensure flow of work is delivered
- Long term capital programme rather than annual – 5-year programmes
- Maximise revenue into teckal co
- Complete Best Value Review Actions to agreed timescales

## Trading Co

- Agree on key markets, geographical locations and client base. Initial focus should be on existing services that HTS deliver. These should be limited to 3-4 activities and include Planned Works, FM Services, House Building and refurbishments. Benefits of this is the ability to demonstrate experience, use of existing resources and skill already in the business.
- Development of longer-term framework arrangements are preferable rather than one off opportunities.
- Proposal for a new company wholly owned by Harlow Council
- Value proposition = purposeful business delivering value across partners, financial, environmental, social, local economies, etc.
- This plan is about building this new company foundations – no assumptions yet about returns in early years
- Mixed economy – develop longer term JVs, partnerships with LA's (Gilston Town etc), HA's, NHS, but take opportunities in the short term e.g., building refurbishment, FM (cleaning M&E, property, environment), fleet, with advocacy provided by Harlow Council
- Spend time now to develop a proper Business Development Strategy:
  - Growth plans which identify the market and the opportunities
  - Strategic accounts e.g., new business, tendering, proactive leads
  - Account management – retention, customer feedback & insight
  - Strategy development – marketing plans campaigns, sales reporting, MI
  - Digital & marketing comms – PR, website, social media
- Also need to ensure investment and HTS is equipped to deliver new work streams. Will require sales team, bid writer, commercial team such as QS, etc.
- New Ts & Cs for staff employed here to allow HTS to compete in the commercial sector
- Teckal co pension scheme to remain intact

## Overarching themes

- Important themes across the business as follows:
  - Environmental / net zero carbon
  - Customer experience and satisfaction
  - Quality
  - Investment in staff
  - Strong Safety culture
  - Adding Social Value
  - Efficiency and cost savings

## Risk

- Major risks:
  - Lack of investment – mitigate by agreement with Harlow Council up front
  - Delivery risk – mitigate by investment in resources
  - Commercial risk – mitigate through appropriate sign offs by MD / Board on contracts
  - Business Plan barriers – shared commitment between HTS and Harlow Council to deliver the components and identify / overcome barriers quickly
  - Not being tax efficient
  - Current resource capacity in HC and HTS – both require project management resources
  - Ageing workforce
  - Lack of knowledge of local markets and being competitive in those markets
  - HTS overhead structure needs to be competitive to compete with competitors

## Next Actions/Resolutions

- Complete six actions from Business Plan meeting on 6<sup>th</sup> June 2021
- Agree a joint position on VFM and communicate it
- Agree the position on procurement – PCR 2015 and a totally different arrangement for the new trading co that is not subject to public procurement rules
- Review Scheme of Delegation so HTS has total authority over the business plan
- Agreement on how value is returned to shareholder. Currently its rebates and carries taxation risk to HTS. This would include for example establishing market rent and/or support service plus
- Shareholder stake – are HC prepared to limit return at first? What value is placed by Harlow Council on a strong balance sheet?
- Pipeline meeting – needs to be regular and committed to
- Risk Appetite a statement worth producing to set new boundaries
- Group Structure – Tax advice needed

## Business Development opportunities now

- The car park / charging opportunities for EVs – firm proposals and costing to be done – needs to link to a coherent strategy for electrifying Harlow. Harlow Council are preparing a Business Case for HTS in the next 6 months
- EV strategy. Could HTS be a charge point operator?
- Section 20 leaseholder opportunities – HTS will continue to get these opportunities in open tender against competitors and will need to be competitive to secure.
- Other opportunities from Harlow Council – this can be progressed once regular pipeline meetings are established
- Need to extend existing contract arrangements past 2027 now?
- Landlord options still on the table – need to produce business case based on high quality homes that add social value but at a profit – Serious ethical landlord in the sub region. Lead the way for private sector landlords. Be the landlord of choice.
- Regeneration projects in Harlow, but will depend on HTS ability to deliver
- National Federation of LATCo's contacts
- Tender opportunities through Eastern Procurement Framework
- Tender opportunities Delta E-sourcing portal
- 

## Gap Analysis

The gap analysis highlights the scale of resourcing, governance and complete change in mind set required to assist HTS in meeting its commercial ambitions and future vision.

We have defined HTS's objectives and targets and compared them against the company's current state to allow the gaps to be identified.

## Strategic Gap Analysis

Objective	Current State	Desired State	Gap Identified	Gap description	Next Steps
Increase turnover and new market sales	Limited 3 <sup>rd</sup> party contracts or tender opportunities	Increase in line with BP	Yes	Lack of 3 <sup>rd</sup> party opportunities	Develop BDM and estimator roles to source and price opportunities
Correct governance to facilitate growth	Scheme of Delegation for HTS (P&E) only	Develop Scheme of Delegation to align with BP objectives	Yes	Scheme of Delegation does not allow HTS group to implement BP	Agree changes to Scheme of Delegation to match BP targets and Objectives
Form new companies in HTS Group	Only P&E and H&R at present	Revised proposed structure with four new companies	Yes	Create new companies to deliver BP new workstreams	Create new companies and governance arrangements

Sign off BP to enable HTS to deliver objectives	Current BP does not match current expectations	BP to incorporate all activities and budgets to enable HTS to deliver it	Yes	Sign of Scoping Document by end of September 2021 and full BP by end of February 2022	Scoping document to be signed off by Shareholder by end of September so work can commence on BP
Resources and skills to deliver BP	Resources are ok for current set up	Develop resources to be able to deliver increased turnover in specialist markets	Yes	Additional key roles will need to be identified and recruited	Agree new BP to be able to commence recruitment

The analysis indicates that without a clear trajectory to enter new markets and buy in from the Council the plan will not be realised and could impact the return on investment without total commitment to the timelines for achieving scalability.