

SHAREHOLDER SUB COMMITTEE
Tuesday, 25 June 2019 at 7.30 pm
Council Chamber - Civic Centre

AGENDA

1. Apologies for absence
2. Declarations of Interest

Councillors' declarations of interest (if any) in relation to any items on the agenda.
3. Minutes (Pages 3 - 7)

To approve the minutes of the meeting held on 15 January 2019.
4. Matters Arising

Any matters arising from the minutes of the previous meeting.
5. Sub Committee Work Plan (Page 8)

To review the Sub Committee's work plan
6. Operational and Performance Reports
 - a) Performance and Balanced Scorecard (Pages 9 - 17)
 - b) Risk Management (Pages 18 - 21)
 - c) Social Impact Report (Pages 22 - 39)
7. Best Value Review - Update Report (Pages 40 - 47)
8. References from the HTS Group Board

None.
9. Reference from HTS (Property and Environment) Ltd
 - a) Audited Group Management Accounts - Verbal Update
10. References from Cabinet

None.

11. Matters of Urgent Business

Such other business which, in the opinion of the Chair, should be received as a matter of urgency by reason of special circumstances to be specified in the minutes.

12. Date of next meeting

7 November 2019

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

15 January 2019

7.30 - 8.20 pm

PRESENT

Sub Committee Members

Councillor Mark Ingall (Chair)

Councillor Joel Charles

Councillor Andrew Johnson

Councillor Danny Purton

Officers

Andrew Murray, Head of Housing

Adam Rees, Governance Support Officer

Additional Attendees

John Phillips, Managing Director of HTS (Property and Environment) Limited

24. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Mark Wilkinson and Michael Harrowven, Non-Executive Chair of the HTS (Property and Environment) Limited Board.

25. **DECLARATIONS OF INTEREST**

John Phillips, Managing Director of HTS (Property and Environment) Limited declared a pecuniary interest in Item 7a, Appointment of Non-Executive Chair of HTS Group and Managing Director of HTS (Property and Environment) Ltd. He said that he, and his wife who was in attendance as a member of the public, would leave the room whilst the item was considered.

26. **MINUTES**

RESOLVED that the minutes of the meeting held on 11 December 2018 are agreed as a correct record and signed by the Leader, subject to the following amendment to Minute 20 so that it stated that Councillor Director reports would appear before the Sub Committee on a quarterly basis.

27. **MATTERS ARISING**

a) Minute 20 - References from HTS Group Ltd Board

In response to questions by Councillor Charles, Councillor Purton said that the remuneration for Councillor Directors was linked to the Council's Special Responsibility Allowance for Portfolio Holders so that any increase or decrease would not need to be approved by the Sub Committee.

28. **SUB COMMITTEE WORK PLAN**

Councillor Charles questioned why there was not a report on the Council's strategic priorities for the development of HTS. In response, the current workplan is established by the Cabinet strategic priorities for HTS which includes Business Plans for both HTS (Property and Environment) Ltd and HTS Housing Regeneration Ltd. The upcoming Best Value Review will look at strategic priorities for HTS (Property and Environment) Ltd aligned to Council corporate priorities.

RESOLVED that the Work Plan was noted.

29. **OPERATIONAL AND PERFORMANCE REPORTS**

a) Performance Reports and Balanced Scorecard

Councillor Mark Ingall said that Item 6d, Council Directors Quarterly Report was now being considered as part of this item (Item 6a).

The Sub Committee received a report which highlighted the operational and financial performance for HTS (Property and Environment) Ltd. The Company had achieved 100 per cent of its KPIs for October and November 2018 and there was an outturn of retained profit totalling £485,000 to November 2018.

Councillor Charles asked whether additional stretch targets could be implemented. The Council reviews annually five year stretch targets within the Balanced Scorecard. In response to a subsequent question on retained profit, John Phillips explained that £59,000 drop was due to delays in the capital programme. This money would be recouped in the subsequent quarter.

RESOLVED that:

A The Sub Committee acknowledged the performance and financial position set out in paragraphs 4 to 10 as follows:

- (i) HTS (Property and Environment) Ltd achieved 100 per cent success rate for October and November 2018 against the suite of major and minor Key Performance Indicators (KPI's) that govern the contract.

- (ii) An outturn of retained profit totalling £485,000 to 30 November 2018.

b) Customer Service

The Sub Committee received a report which summarised HTS (Property and Environment) Ltd's complaints to the month of November 2018.

RESOLVED that:

A The Sub Committee noted the report and summary of complaints to the month of November 2018 as set out in paragraphs 2 to 7 as follows:

- (i) HTS (Property and Environment) Ltd achieved a ratio of 0.86 per cent against a total of transactions to November 2018 of 27,895.

c) Risk Management

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

The Sub Committee discussed the future third party growth opportunities for HTS (Property and Environment) Ltd. In response to a question by Councillor Johnson, John Phillips stated that currently, most of HTS' current third party profit came through the use of HTS' assets such as the Mead Park depot.

Councillor Charles stressed the importance of the organisation maintaining its momentum in order secure future growth. Councillor Purton said that it was important to recognise that there were risks surrounding housing development, as well as opportunities.

RESOLVED that:

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

30. **REFERENCES FROM THE HTS BOARD**

- a) Appointment of Non-Executive Chair of HTS Group and Managing Director of HTS (Property and Environment) Ltd

John Phillips and Penny Phillips left the room for the consideration of this item.

The Sub Committee received a report which recommended that the current appointments for the Non-Executive Chair (HTS Property and Environment) Ltd and for the Managing Director of HTS (Property and Environment) Ltd be extended for a further three years.

RESOLVED that:

A The Sub Committee approved the revisions to the current appointments for the Non-Executive Chair (HTS Property and Environment) Ltd and for the Managing Director of HTS (Property and Environment) Ltd for a further three years.

31. **REFERENCE FROM HTS (PROPERTY AND ENVIRONMENT) LTD**

a) Updated Business Plan

The Sub Committee considered a report on an updated business plan for HTS (Property and Environment) Ltd.

RESOLVED that:

A The Sub Committee approved the Board's proposed update to the current business plan.

32. **REFERENCES FROM CABINET**

a) Creation of HTS (Housing and Regeneration) Company

The Sub Committee received a referral from Cabinet to note the creation of HTS (Housing and Regeneration) Company, including a draft business plan and revised terms of reference for the Sub Committee.

Councillor Charles said that he did not feel the business plan was comprehensive enough. Then, in response to a question by Councillor Charles, John Phillips said that he and Michael Harrowven had significant input into the draft business plan and it would be developed in a similar way to the Business Plan for HTS (Property and Environment) Limited.

RESOLVED that:

A The Sub Committee noted the approved recommendations, as set out in paragraph 2 of the report, in line with Cabinet decision of December 2018.

33. **MATTERS OF URGENT BUSINESS**

None.

34. **DATE OF NEXT MEETING**

3 April 2019.

CHAIR OF THE SUB COMMITTEE

Shareholder Sub-Committee Work Plan 2019/20

Title	25 June 2019	7 November 2019
<u>Operational and Performance Reports</u>		
Performance and Balance Scorecard	Jan-Apr	May- Sept
Risk Register	Jan-Apr	May-Sept
Social Impact Report	2018/19	
<u>Other Reports</u>		
Responsive Repairs and Customer Access Review		Report
Creation of HTS (Housing and Regeneration) Company		
Referrals from HTS Group Board		
Referrals from HTS (Property & Environment) Board- Management Accounts Outturn report 2018/19	Report	
Best Value Review	Report	

REPORT TO: SHAREHOLDER SUB COMMITTEE
DATE: 25 JUNE 2019
TITLE: PERFORMANCE AND BALANCED SCORECARD
LEAD OFFICER: ANDREW MURRAY, HEAD OF HOUSING
(01279) 446676

RECOMMENDED that:

- A** Shareholder Sub Committee (SSC) acknowledges both the year end (2018/19) outturn and current (2019/20) performance/financial position set out in paragraphs 3 to 14 as follows:
- i) HTS (Property & Environment) Ltd (HTS) has achieved a reported 100 per cent success rate for both the year end 2018/19 and April 2019/20 against the current suite of major and minor KPI's that govern the contract.
 - ii) An actual retained profit level totalling £413,299 as at March 2018/19 and are forecasting a level of £431,000 for the year ending March 2019/20.

BACKGROUND

1. HTS (Property & Environment) Ltd was established to deliver repairs and environmental maintenance services previously carried out by Kier Harlow Ltd.
2. In setting up a Local Authority Trading Company (LATC) the Council has created a business that can act commercially, generate income for the Council, trade externally, and importantly deliver Council Corporate plan priorities. The SSC has been established to provide strategic governance and oversight over these commercial and operational activities of its company/s.

ISSUES/PROPOSALS

Operational Performance

3. The approved targets within the HTS Business Plan/Balanced Scorecard outline Council themes and priorities for delivery. A summary of progress on performance for April 2019 is outlined in Appendix A.
4. HTS continues to demonstrate progress against Balanced Scorecard priorities. Progress indicates operational, financial, business growth and culture performance are at 100 per cent with objectives projected to be on target for the year 2019/20. Areas for consideration include Business growth where HTS have

indicated risk for delivery in future years. HTS need to continue to strive and deliver tangible social impact whilst realising efficiencies and demonstrating best value as part of their ongoing business planning/improvement activities.

5. Monthly detailed performance reporting which includes Major, Minor measurement performance indicators, complaints and member enquiries, together with case work are reviewed in detail at the Housing/Environment Portfolio Holder meetings. Detailed performance reports are available as background papers if required. Notable highlights reported include:
 - a) LGSR Gas Servicing – This continues to be a success story for HTS and the Council alike, maintaining excellent performance at 100 per cent compliance since contract inception.
 - b) Routine cleaning of streets KBT (NI 195) Detritus, to grade A standard (Wave) – Continuation of excellent performance in compliance with standards required.
 - c) Empty full and overflowing litter and dual use bins within 3.5 hours of the report being received – Excellent continual performance at 100 per cent completion within priority.
 - d) Tree works – Excellent performance maintained at 100 per cent across all tree works KPIs.
 - e) Graffiti/Fly posting removal of racist or obscene nature – Excellent performance maintained at 100 per cent.
 - f) Monitor and report the number of abandoned calls that occur in the Call Centre – Excellent call answer rate at 96 per cent of all incoming calls.
6. SSC need to note that HTS have reported one health and safety reportable incident during this review period relating to an operative repairing a drawer within a Council property. However, it must also be noted HTS have reported the person hours without Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) totals 41,080 and achieving “0” Accident Incident Rate (AIR) at the end of April 2019.
7. In addition, HTS as part of their business plan activities, have successfully been granted new a business case relating to the Civic Centre facilities management.
8. Discussions are ongoing between the Council and HTS Harlow Science Park for a business case related to facilities, management and maintenance of the Science Park. It is further proposed for the Council to develop a further business opportunity for HTS for Science Park landscaping later in the year.

Financial Performance

9. The controllable budgets assigned to HTS are managed within an existing Annual Service Charge (ASC) payment, uplifted annually for inflation. The actual

ASC to March 2018/19 was £17,871 and the forecasted ASC to 2019/20 is £18,235. SSC will note for year end 2018/19 that £579,000 was returned to the Council as a Management Fee for exceptional items in the form of Management Charges. A summary for both year-end 2018/19 and March 2019/20 is shown in the table below:

	March 2018/19	March 2019/20
Retained Profit	£413,299	*£413,000
Reserves	£825,599	£1, 250,000
Cash Flow (as per CF statement submitted)	£2,136,479	To follow
Harlow Council Loan outstanding	£701,826	£467,884

*Note: *Minus assumed management fee for exceptional items in the form of Management Charges back to the Council.*

10. Current progress and financial forward forecasting for HTS is outlined in the updated Shareholder statement which is shown in Appendix B. The audited Management Accounts for the year end 2018/19 are reported later in the Agenda as a referral from HTS Board.
11. In addition, the Services Agreement allows the Council to award Housing Capital Works to the value of £5.8 million on a year by year basis up to 2021/22. The value of the work packages for 2018/19 totalled £8,055,553 which included the annual allocation together with a carryover from 2017/18. The reported outcome at year end March 2018/19 totalled £5,294,000 with a carryover for approval of £2,327,000.
12. The Council has also invited HTS to submit new Business Cases for potentially three new projects associated with the "Council House Building" Programme. These include The Readings, which involves the construction of three new properties, Sumners Farm, which is a conversion of a building into four self-contained flats and Hare Street which is a renovation of existing buildings.

Supplementary Performance

13. At previous meetings, SSC were advised of the intentions of HTS taking on a lead responsibility for the creation of a new Federation of LATC's. The inaugural LATC's Federation meeting took place on 26 July 2018, hosted at Mead Park in Harlow. Members of the meeting included representatives from Oxford City Council, Hounslow (Lampton 360 Group) and Anthony Collins solicitors. This will be developed with reports coming regularly to SSC meetings as required.
14. In the financial year 2018/19, there were a number of audit reports relating to the HTS involvement. This included the Payment Mechanism, Council Governance, and Repairs service. These reported a moderate, substantial, and moderate performance accordingly with the management actions being taken forward and being reported to the Audit and Standards Committee. Updates will also be made to the SSC on a regular basis as required and aligned to the established Best Value Review plan which progress which is reported later in the agenda.

IMPLICATIONS

Place (Includes Sustainability)

None specific.

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

Finance (Includes ICT)

As contained within the report.

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

Housing

As outlined in the report.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

Appropriate procurement processes including value for money benchmarking is applied to business case awards to HTS.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Balanced Scorecard

Appendix B – Shareholders Statement – March 2019 (the April Statement will be to follow)

Background Papers

None.

Glossary of terms/abbreviations used

AIR – Accident Incident Rate

ASC – Annual Service Charge

HTS – HTS (Property & Environment) Ltd

KPI – Key Performance Indicator

LATC – Local Authority Trading Company

RIDDOR - Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

SSC – Shareholder Sub Committee

HTS (Property & Environment) Limited

Balanced Scorecard 2019/20

HTS Balanced Scorecard - Objectives

- ❖ Achieve Pre-tax profit margin of 4.75% by end of FY 2018/19. (50% to shareholder as dividend subject to corporation tax)
- ❖ Borrowing ratio of less than 70% by end of FY 2018/19.
- ❖ Acid ratio in excess of 1.00.
- ❖ Minimum cash reserve of £0.5m by end of FY2018/19.
- ❖ Deliver cashable and non-cashable year on year efficiencies.
- ❖ Deliver a competitive and profitable (minimum margin of 5%) £5.8m capital works programme by end of FY 2018/19.

- ❖ By end of FY 2018/19 deliver external third-party profit of £22.5k before tax.
- ❖ By end of FY 2019/20 deliver external third-party profit of £67.5k before tax.
- ❖ By end of FY 2020/21 deliver external third-party profit of £135k before tax.



- ❖ Invest 500 working days (60k) per annum in corporate social responsibility.
- ❖ To ensure that employees on average receive three days training per annum.
- ❖ Recruit a maximum of 10 apprentices in line with business needs..
- ❖ An agreed-upon succession plan.
- ❖ Minimum 60% return rate of staff satisfaction surveys with a satisfaction rate >60%.
- ❖ Place the customer experience at the heart of how HTS operates.
- ❖ Illustrate an innovation driven and entrepreneurial culture.
- ❖ Equality and diversity targets to monitor:
 - Gender Pay Gap
 - Social inclusion model (CIC)/partnerships with local community organisations
 - Disability Confident Champion (level 3 status)

- ❖ Achieve overall success rate of 95% against the Major & Minor KPI Suite.
- ❖ Sickness absence rate below 3.9% annualised.
- ❖ Health and safety performance below HSE accident incident rate. Attain 500,000 hours reportable accident free.
 - ❖ 100% compliance with regulatory requirements.
- ❖ Value of spend on subcontractors on the ASC to be no greater than 9.5% of the ASC budget.
- ❖ To achieve an overall success rate of 95.25% of customer repairs dealt with Right First Time.



Balanced Scorecard performance Summary

OBJECTIVES	PERFORMANCE	COMMENTS
Operational Performance	100%	All objectives achieved for FY 2019/20.
Financial Performance	100%	All objectives achieved for FY 2019/20.
Business Growth	100%	All objectives achieved for FY 2019/20.
Culture	100%	All objectives achieved for FY 2019/20.

Operational Performance Summary

OBJECTIVES	PERFORMANCE	COMMENTS
To achieve an overall success rate of 95% against the Major & Minor KPI Suite	✓	HTS has successfully achieved this target with an average performance of 99.26% for 2018/19.
Sickness absence rate below 3.8% annualised	✓	Sickness rate has reduced to 3.88% for year to date.
Health and safety performance below HSE accident incident rate. Attain 500,000 hours reportable accident free.	✓	HTS AIR rating remains at 0 and completing 1.4m working hours without incident.
100% compliance with regulatory requirements	✓	LGSR compliance has been at 100% every month for the whole year.
Value of spend on subcontractors on the ASC to be no greater than 9% of the ASC budget	✓	Subcontractor spend has remained low at 6% for year to date.
To achieve an overall success rate of 95.50% of customer repairs dealt with Right First Time	✓	Customers' feedback from satisfaction surveys has illustrated repairs carried out Right First Time at above target level.

Appendix B

HTS (Property & Environment) Ltd Summary of Management Accounts

Month: March-19

	*Month Actual			*12 Months Actual to		
	Mar 2019			Mar 2019		
	Actual £000's	Business Plan £000's	Variance £000's	Actual £000's	Business Plan £000's	Variance £000's
1/ Total (All Activities)						
Sales	1,851	2,539	(688)	23,453	24,171	(719)
Cost of Sales	(1,855)	(1,712)	(143)	(20,125)	(20,545)	420
Gross Profit	(4)	827	(831)	3,328	3,626	(299)
Overheads	(396)	(206)	(190)	(2,760)	(2,470)	(290)
Net Profit	(400)	621	(1,021)	566	1,156	(589)
Interest	(2)	(4)	2	(34)	(44)	10
Net Profit before Tax	(402)	617	(1,019)	533	1,112	(579)
Taxation	76	(123)	200	(106)	(128)	22
Retained Profit	(326)	494	(819)	427	984	(557)
2/ H.D.C.- Annual Service Charge						
Sales	1,253	2,014	(762)	17,248	17,871	(623)
Cost of Sales	(1,303)	(1,225)	(78)	(14,357)	(14,697)	340
Gross Profit	(50)	790	(840)	2,889	3,174	(284)
Overheads	(383)	(192)	(191)	(2,604)	(2,299)	(305)
Net Profit	(434)	598	(1,031)	285	875	(588)
3/ H.D.C. - Capital Works						
Sales	581	483	98	6,068	5,800	268
Cost of Sales	(550)	(448)	(102)	(5,750)	(5,380)	(370)
Gross Profit	31	35	(4)	318	420	(102)
Overheads	(13)	(13)	0	(156)	(159)	3
Net Profit	18	22	(3)	162	261	(99)
4/ Non HDC Trading						
Sales	17	42	(25)	135	500	(365)
Cost of Sales	(2)	(39)	37	(15)	(468)	453
Gross Profit	15	3	12	120	32	88
Overheads	-	(1)	1	-	(12)	12
Net Profit	15	2	13	120	20	100

Please Note:

*March 2019 and the 12 months to March 2019 include the following exceptional items: £579k return to Harlow District Council in the form of Management Charges and ASC rebates and £20.5k councilor directors' pay.

REPORT TO: SHAREHOLDER SUB COMMITTEE

DATE: 25 JUNE 2019

TITLE: RISK MANAGEMENT

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

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

RECOMMENDED that the Sub Committee notes:

- A** The strategic risks as relating to HTS (Property and Environment) Ltd (HTS) together with their analysis and mitigation.
- B** HTS's ongoing actions to address Information Governance and Data Compliance concerns from the Council

BACKGROUND

1. The SSC terms of reference includes responsibility to ensure HTS risks are adequately defined, monitored and controlled.
2. The Council has its own Corporate Risk register which is regularly reviewed by Senior Management Board (SMB), reported to each Audit and Standards Committee meeting for scrutiny and challenge together with escalations, if required. This is also reported to Cabinet quarterly.
3. Within the corporate risk register, two strategic risks have been identified which impact upon the Council. These are: 'Provision of Repairs, maintenance, landscape and street scene services' provided by HTS, and; 'Information Governance' as relates to Data Protection compliance.

ISSUES/PROPOSALS

4. The HTS risk register monitors its own corporate risks as relates to the business. They are evolving documents and are reported to their Board quarterly. The Council's reviews regularly ensuring issues are escalated, if required, to the SSC.
5. HTS have aligned methodology for risk articulation, analysis and reporting with that used by the Council. Strategic risks are subject to regular quarterly reviews and report to HTS Board and to major reviews indicated by Target Date. This is to ensure they are concurrent with the HTS Corporate Plan. The updated HTS strategic risk register is shown in Appendix A.

6. Since the last risk report to the SSC, HTS has continued to liaise with the Council regarding controls for Information Governance relating to compliance (for example, required ROPA and external information sharing protocol which was identified as a requirement from the Audit and Standards Committee) with General Data Protection Regulations (GDPR). Currently an Internal Audit review is being undertaken, and in liaison with the Council's Data Protection Officer (DPO) for advice and guidance as required. The adequacy of the cited controls in the strategic risk register will be assessed as part of the audit and the specific objectives are to clarify that:
 - a) HTS has a robust framework in place to ensure on-going compliance with the GDPR. This will be based on the Information Commissioner's Office checklist.
 - b) Appropriate and timely assurances are provided by HTS to the Council on the adequacy of its GDPR framework.
7. HTS will continue to work with the Council Officers to address any recommendations arising from that audit, which is expected to be available in June 2019 and will be reported to the next Audit and Standards Committee and also to the SSC. Actions taken by HTS will also be reported to both Committees.

IMPLICATIONS

Place (Includes Sustainability)

None specific.

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

Finance (Includes ICT)

None specific.

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

Housing

As outlined in the report.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

As outlined in the report.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Strategic Risk Register

Background Papers

None.

Glossary of terms/abbreviations used

DPO – Data Protection Officer

HTS – HTS (Property and Environment) Ltd

GDPR – General Data Protection Regulations.

ROPA – Record of Processing Activities

SSC – Shareholder Sub Committee

SMB – Senior Management Board

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

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

REPORT TO: SHAREHOLDER SUB COMMITTEE
DATE: 25 JUNE 2019
TITLE: SOCIAL IMPACT REPORT
LEAD OFFICER: ANDREW MURRAY, HEAD OF HOUSING
(01279) 446676

RECOMMENDED that:

A The Sub Committee notes the report.

BACKGROUND

1. This report provides a summary of a retrospective social impact analysis of the HTS Group activities in 2018/19.
2. HTS aims to be acknowledged as an industry leader in Corporate Social Responsibility and has a well-established programme in the community actively engaging with environmental, charitable and people-based initiatives. HTS has undertaken and delivered a range of activities in 2018/19 which have had a significant impact.

ISSUES/PROPOSALS

3. HTS can demonstrate that it created social value in at least the following areas: Full time employment, General training for job, Volunteering, Apprenticeships, relieving homelessness and promotion of financial comfort. It is likely more social impact was created across other outcomes but as this is a retrospective analysis, the evidence does not exist to demonstrate these achievements. HTS has demonstrated it has created £1,129,128 of social value in the 2018/19 year.
4. A report is attached in Appendix A and a verbal update will be given to the Committee.

IMPLICATIONS

Place (Includes Sustainability)

None specific.

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

Finance (Includes ICT)

None specific.

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

Housing

As outlined in the report.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

None specific.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Social Impact Report

Background Papers

None.

Glossary of terms/abbreviations used

HTS – HTS Group

SSC – Shareholder Sub Committee



HTS 2018/19 Social Impact Report:

Analysis of the social impact generated by HTS (Property and Environment) Ltd

James Williams

May 2019

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Executive summary

The purpose of this report is to perform a retrospective social impact analysis of the HTS Group activities in 2018/2019. HTS has a commitment to delivering positive social impact as outlined in their corporate objectives. This report explores the social impact generated across several outcome areas and through a range of delivery mechanisms.

Using wellbeing, cost benefit analysis and economic multiplier techniques it is estimated that social impact of the project totalled over £1m.

- HTS can demonstrate that it created social value in at least the following areas **Full-time employment, General training for job, Volunteering, Apprenticeships, relieving homelessness and promotion of financial comfort**. It is likely more social impact was created across other outcomes but as this is a retrospective analysis, the evidence does not exist to demonstrate these achievements.
- HTS created £1,129,128 of social value in the 2018-19 year.
- Recommendations look to the future to ensure HTS will be well placed to deliver social impact, assess progress, demonstrate improvements and insights into the future.

Section summaries

The report is split into the following five sections:

Section 1 provides a brief description of the activities of HTS Group in relation to social impact.

Section 2 explains the methodology behind the social impact assessment and how social value is measured using the Housing Association Charitable Trust (HACT's) UK Social Value Bank, Commission for New Economy Unit Cost database and Local Multiplier 3 calculations.

Section 3 assesses the social impact created through HTS activities and presents a breakdown of this.

Section 4 makes recommendations of how to maximise social impact.

Section 5 provides a summary and discusses the future.

Section 1: Social Impact at HTS Group

HTS (Property and Environment) Ltd was set up by Harlow Council to provide a range of property and environmental services. Services provided are housing repairs, maintenance, facilities management, environmental services, compliance, capital and planned works to residents, leaseholders and support to community organisations.

HTS aims to be acknowledged as an industry leader in Corporate Social Responsibility (CSR) and has a well-established programme in the community actively engaging with environmental, charitable and people-based initiatives.

As well as regular fundraising activities staff are encouraged to volunteer with charities. Work experience, apprenticeships and proactive targeting of under-represented groups such as those with disabilities is also undertaken.

HTS takes its work with the environment seriously with a stated aim of responding to the social, economic and environmental expectations of the Harlow community.

HTS has a vision which helps to make Harlow a place where people want to live and work as well as encouraging healthy lifestyles for employees.

HTS has **delivered a range of activities** in 2018-19 which have a significant positive social impact including:

- An employment and skills programme with a focus on full-time employment opportunities for the disabled, apprenticeships and training.
- Work experience opportunities for young people.
- Partnerships with local schools and charities.
- Wellbeing programmes for staff.
- Becoming an accredited Living Wage employer.
- Upward review of pay grading.
- Adaptation of properties for the Street2Homes charity.
- Core work of renovating and improving the environment.
- Maximising the economic impact on the Harlow community.

To understand this social impact better HTS commissioned HACT in April 2019 to produce a social impact report demonstrating the value of their CSR activities.

The report will cover financial, economic and wellbeing outcomes of the CSR programme and provide recommendations to improve future reporting and impact.

Section 2: Measurement methodologies

Wellbeing valuation and the UK Social Value Bank

This report has drawn heavily on the UK Social Value Bank (UKSVB)¹ to assess the social impact created.

Launched in 2014, the UKSVB is a HACT resource that offers organisations and businesses a way to understand the social impact of their investment in communities. The UKSVB was derived using the wellbeing valuation approach and features as part of HM Treasury Green Book² guidance that sits at the heart of policy evaluation approaches within UK Government.

Over 100 outcomes have been valued based on their relationship with life satisfaction. To do this, large national datasets were analysed to identify how people's self-reported wellbeing³ changes due to different life circumstances. Analysis reveals the impact of these various outcomes on life satisfaction and calculates the amount of money that produces the equivalent impact on life satisfaction.

The UKSVB offers a proportionate way to measure social impact and enables a cost-benefit calculation. It has become the housing industry-standard method to measure social impact, has been downloaded over 13,000 times and more than 100 organisations have attended training and use the model in their business decisions.

It is recommended that the assessment of social impact using the UKSVB begins before any activity is delivered. This way the necessary evidence can be collected to meaningfully measure outcomes using before and after data (the type of evidence required varies by outcome). If evidence is not collected before activity starts, then the 'before' position of individuals may be missed and may result in a less accurate social impact assessment as positive social value may be missed.

New Economy Manchester - Unit Cost database

This report also explores the value of achievements to the state and economy, it does this by drawing on New Economy Manchester's Unit Cost Database. This database contains more than 600 cost estimates compiled through government reports and academic studies. The database includes costs across the following outcome areas: crime; education & skills; employment & economy; fire; health; housing; and social services.

The project was funded by the Department for Communities and Local Government's (DCLG) Troubled Families Unit and delivered by Greater Manchester and Birmingham City Councils. Work to develop and update the database is being undertaken by New

¹ <http://www.hact.org.uk/value-calculator>

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

³ How satisfied they are with their life on a scale of 0-10, from 'not at all' to 'completely'.

Economy (Greater Manchester), with further support from Department for Communities and Local Government and other Government departments.

The data has been subject to a rigorous validation process, including assessing the robustness of the original source documentation, considering how data has been derived from constituent cost elements, comparing costs to related data, and exploring the availability of more recent/robust sources. The data has also been reviewed by analysts from the relevant Whitehall departments.

Different types of value are available, both fiscal and economic using the Commission for New Economy model. This report has used the fiscal values which measure the costs or savings to the public sector as well as economic measures which demonstrate the increase in earnings and growth in the local economy.

Local Economic Multiplier (LM3)

Organisations can make a huge difference to their localities by local buying promotion of local employment and encouraging staff to spend locally. It is possible to measure the effect of an organisation in a local economy by analysing three rounds of spending. This helps organisations understand how they are contributing to the local supply chain and wider economy.

LM3 is calculated in three stages;

Round 1 Organisational turnover and staffing costs.

Round 2 Where and with who the company spends their money.

Round 3 Where and how suppliers and employees re-spend their incomes.

The New Economics Foundation and the Countryside Agency published the report 'The Money Trail; Measuring Your Impact on the Local Economy using LM3' in 2002. The principles and calculations outlined in the report have been used to calculate an estimated LM3 score for HTS.

Global Value Exchange (GVE)

During the production of the report the Global Value Exchange database <http://www.globalvaluexchange.org/> was used to ascertain whether other social impact values could be identified. One value has been used from this source evidencing the economic impact on volunteering. The GVE is a helpful resource containing over 30,000 impact metrics and 1000s of indicators to help understand social impact.

Deadweight

Deadweight, or 'what would have happened anyway', is an important part of social impact analysis. To give an accurate picture of social impact a percentage reduction is applied reflecting that a proportion of the outcomes would have happened anyway.

The UKSVB applies average deadweight figures from the HCA Additionality Guide⁴. This prevents overclaiming as it does not assume a direct cause and effect relationship between an outcome and an intervention. Using HCA figures saves additional research or a less robust figure being used.

Deadweight reductions on values are 15% for employment and training outcomes, 19% for community and social outcomes, and 27% for health outcomes.

This report applies a deadweight to the New Economy values at 15%.

Section 3: Social value results

HTS have collected data on the activities delivered in 2018-2019 and recorded the resulting outputs and achievements. A **full review of this data** has been carried out and has been analysed retrospectively using HACT's Value Calculator tool and applying the UKSVB.

Two stakeholders were identified to benefit from HTS CSR programmes and is included in the analysis⁵. The first are the individuals who directly experience a wellbeing benefit from the activities or interventions funded and/or delivered by HTS. This includes those who receive training and move into employment, for example. The state also experiences knock-on benefits from HTS investment through the outcomes experienced by the individuals leading to a reduced public spending or increased tax and national insurance contributions.

Table A shows the social value created for the individual through activities delivered as part of the project where available outcomes in the UKSVB exist. Nine different UKSVB outcomes were utilised in the analysis.

Table B shows the social impact created for the state where aligned values exist in New Economy Manchester's Unit Cost Database.

Points to note:

- It is certain that there are some outcomes that were achieved but due to the evidence available for example in relation to the core activities of HTS. Therefore, no value has been claimed for improvements to the environment or physical improvements to housing.
- There are some activities as part of the programme that were delivered as that do not have a corresponding value in the UKSVB or Unit Cost Database. This does not necessarily mean that an activity (particularly in relation to fundraising activities) did not create social impact but that it is not possible to assess it currently.

⁴ <https://www.gov.uk/government/publications/additionality-guide>

⁵ It is acknowledged that this is not exhaustive and further research could reveal additional stakeholders who benefit from the activity, for example, the local economy.

- The wellbeing valuation approach, the methodology behind the UKSVB, represents the value of the wellbeing uplift experienced by individuals and therefore does not recognise the value of 'local'.
- Some values cannot be applied to the same individual together as it would amount to double-counting of the benefit created. For example, only one training course can be applied to an individual. If an individual attends multiple training courses within a year, the value of attending a training course can only be applied once.
- The value for each outcome in the UKSVB is applied on a per person per year basis.
- LM3 calculations were based on information and estimates provided by HTS and as such are not as accurate as they might be if questionnaires were undertaken with staff as to the Geographic location where they spend their salaries.

Table A: Wellbeing Social impact (wellbeing) created by activity – for the individual

Description of activity	Source of data	UKSVB outcome/ value	Average person value	No. of beneficiaries	Total social value (minus deadweight)
Apprenticeships.	Update report	Apprenticeship	£2,353	10	£18,867
Employment (previously unemployed with disability moving into employment). HTS is a disability confident organisation.	Update report	Employment	£14,433	4	£49,071
Living wage accreditation and pay rises. Estimated number of people who would report a change in financial comfort in response to the question, how well would you say you yourself are managing financially these days? Estimated that respondents would report a change from just about getting by to doing alright or living comfortably.	Update report	Financial comfort	£8,917	5	£36,036
Social Club and gym discount. Assumption made that the discount enabled participation in frequent mild exercise at least once a week.	Update report	Frequent mild exercise	£3537	9	£25,786
Harlow Council in partnership with Streets 2 Home project partnership to provide housing for rough sleepers	Update report	Rough sleeping to secure accommodation.	£24,467	8	£195,736
Internal staff training programme. HTS invests in people and regularly undertakes staff training. The training is designed to increase skills for the job.	Update report	Employment training.	£807	325	£178,860
Volunteering (Board members). HTS staff serve on 3 different organisation boards.	Update report	Regular volunteering	£3,249	3	£7,772
Volunteering staff members	Update report	Regular volunteering	£3,249	100	£259,079
Work experience. HTS provide unpaid work experience with schools and offers to the wider community.	Update report	General training for job	£1,567	150	£193,157
Total				619	£964,364

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Table B: Social value created by activity – for the state and economy

The Unit Cost Database has a limited number of values and so was not possible to attach a value to all of the outcomes reported. The table above includes the values and calculations that did align with the outcomes. Where annual benefits are listed one year of value has been applied to be conservative and prevent overclaiming.

Description of activity	Source of data	Value Business productivity	Value Economic benefit	Value (cost saving) to the state,	No. of beneficiaries	Total social value (minus 10% deadweight)
Moving from unemployment to full time employment	New Economy Manchester – Unit Cost Database		£8632	£8632	4	£52,828
Rough sleepers into secure accommodation.	New Economy Manchester – Unit Cost Database			£8605	8	£61,956
New apprenticeships assumed on level 3	New Economy Manchester – Unit Cost Database	£20,352 (per organisation)	£1924.75	£1390	10	£31,805
Volunteering	Global Value Exchange: Improving services for young people an economic perspective		£250.64		103	£23,233
Total					125	£169,822

Table C: Local Multiplier 3 calculation.

Spending Round	Amount
1 Organisation turnover	£23.5m
2 Local supply chain spend (including Council profit and charity contributions)	£7.2m
3 Staff salary spend (estimated 50% local spend)	£5.8m
LM3 Calculation	£36.5m/£23.5m=1.55

Based on estimates of 50% local spend for both HTS suppliers and staff an LM3 score of 1.55 has been calculated. This means for every £1 spent by HTS £1.55 is further generated in the local economy. Local economy in this context is defined as Harlow postcodes.

It is possible to interrogate the figures and provide a much more accurate figures if an analysis was done of staff and supplier spend was undertaken which would provide greater certainty to the figures produced. This further analysis is out of scope to this report as significant extra resources will be required in round 3.

To put the LM3 score into context a LM3 score of 1 is the lowest possible and 3 is the highest. The HTS score represents a positive contribution to the local economy to be considered in relation to the wellbeing and financial/economic impacts highlighted in Tables A and B.

Table D: Combined Results –Analysis summary

In reports such as this, the value that accrues to different beneficiary groups through the same outcomes can be added together to produce an overall combined value created.

Social Impact	Value	%
Wellbeing	£964, 364	85%
The State and economy	£169,822	15%
Total	£1,134,186	100%

Key findings

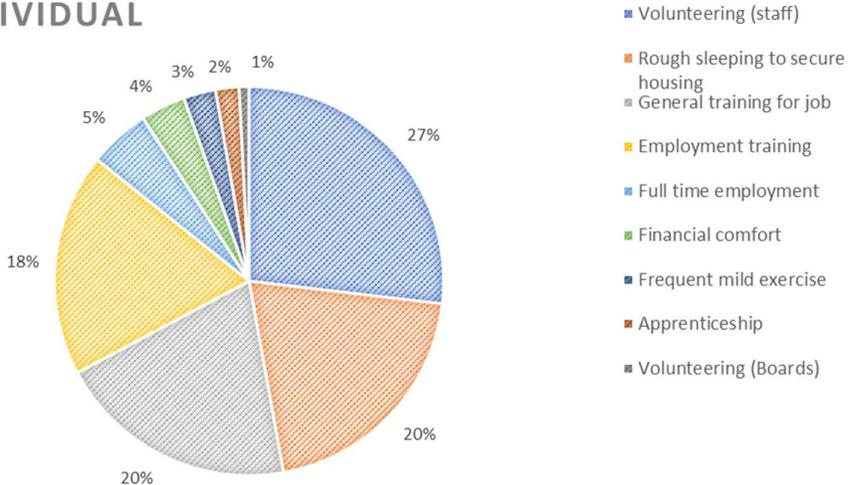
Combined overall

- Most of the social impact reported is wellbeing created for the individual (85%) with the state and economy accruing just over a third (15%)
- Employment and training make up the largest percentage of the total social impact generated (apprenticeships, general training for the job, work experience) (46%) of total combined social impact
- There is a large combined contribution made by the Streets 2 Homes project both in terms of value to the state and wellbeing impact (20%).
- Volunteering makes up 25% of reported total social value.

For individual wellbeing (Pie chart 1);

- An estimated 619 people experienced a measurable outcome (it is acknowledged that it is likely that many more individuals were engaged but the necessary evidence is lacking to claim value from the UKSVB)
- Average wellbeing value per person=£1577
- The highest value recorded per project was volunteering for staff members 27% (£259,079)
- The highest wellbeing value per person was recorded in the Streets 2 Homes project=£24,467

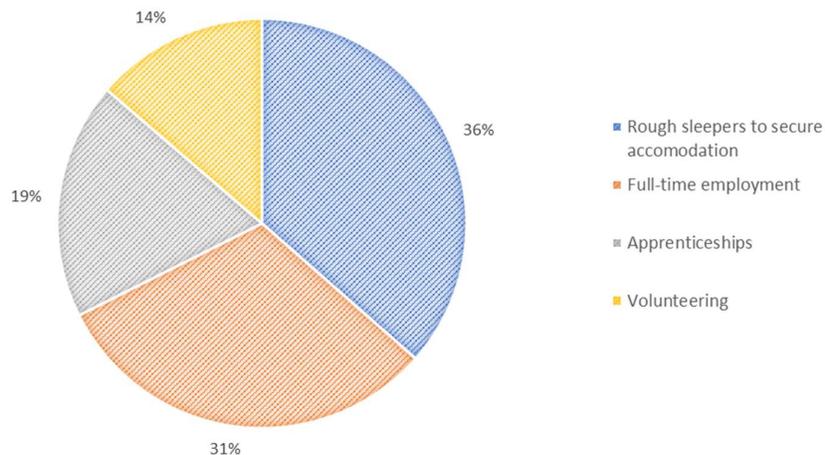
CHART 1: SOCIAL IMPACT CREATION BY ACTIVITY - WELLBEING FOR THE INDIVIDUAL



For the state and economy (Pie chart 2);

- An estimated 125 people experienced an outcome which financially impacts on the state positively and benefits the local economy.
- Rough sleeping to secure accommodation represented the highest value of social impact reported=37% (£61,956)
- Average value per person benefiting=£1,358

CHART 2: SOCIAL IMPACT CREATION BY ACTIVITY - FOR THE STATE/ECONOMY



As a multiplier to the local economy;

- A LM3 score of 1.55 has been estimated. For every £1 spent by HTS there is a multiplier in the local economy of £1.55. This score should be used as a benchmark for future economic analysis.

Additional potential outcomes

Other outcomes are likely to have generated measurable social impact (however information is not available to evidence this), including:

- An additional value can be applied if there is the necessary evidence that individuals moving from unemployment to employment have dependent children.
- There may be observable outcomes related to the impact HTS staff have had in their roles as Board members.
- The UKSVB includes values around changes to the physical environment of the home, including improvements to energy efficiency, local environment and repairs to property. Evidence that renovation work led to these improvements would enable social value to be attributed.

- HTS provides Harlow Council with a £1m profit which helps the Council to maintain and keep local services open. Further discussions with the Council would enable further social impact to be evidenced and included in future reports.
- A recently agreed three-year funding programme with Paringdon Sports and Social Club worth £15,840 social benefits will be measurable in 2019/2020.
- Due to the generous pension contributions HTS offers (3x the typical traditional defined benefits schemes). There is also potential to investigate and test whether recent retirees report higher levels of wellbeing, health and life satisfaction as compared to other non-HTS recent retirees.

Section 4: What is this telling us and recommendations

These recommendations are made with the aim of HTS understanding the creation of social value and building on the report to improve and direct social impact activities in the future.

Applying the UKSVB is only one way of understanding social impact. It is always recommended that it is used as a blend with other evaluation techniques both quantitative and qualitative, to help gain an insight and inform decision making.

Recommendation 1: Utilise the UKSVB in planning

The HACT UKSVB and complementary Value Calculator tool can act as an important planning tool. It could help HTS to understand the outcomes that would need to be achieved to generate a certain amount of social value or to achieve a specific return on investment. This can be particularly useful at the beginning of a project or in negotiations with a partner. It can also inform the set-up of systematic data collection processes, and help to plan outputs, finances and timescales more effectively.

Recommendation 2: Collect data as you go

Although the data that has been collected has made this retrospective analysis possible, if data had been collected with clear social impact goals prior to the analysis a more accurate and meaningful report could be produced. Starting this at beginning of a project would enable quality and relevant evidence (e.g. pre and post surveys, age and post code data) to be collected and enable improved social impact reporting that can be used in informed decision making. This recommendation should also apply to partner charity organisations receiving funding from HTS.

Recommendation 3: Use Social Impact analysis to develop future initiatives.

It is recommended that HTS gradually build up an understanding of 'what works' and use this when communicating the social impact offer. This will put HTS in a strong position as an informed organisation who has evidence of the most effective way to invest a limited pot of money and resources in a community.

Recommendation 4: Undertake a full LM3 study.

Undertaking a full more detailed LM3 study will build on the estimated score produced of 1.55. More investigation is required to ensure this is as accurate as it could be which will involve additional resources.

Recommendation 5: Establish or develop a social impact working group to improve and assess impact.

Understanding social impact is crucial to demonstrating progression and benchmarking progress. Establishing a working group to monitor impact with cost benefit analysis is one way of identifying improvements year on year in social impact.

Other ways of assessing progress include producing [full social accounts](#) which should include a stakeholder analysis and survey, a social accounting panel to verify and sign off results and develop an understanding of what changes. Key impact questions can also be utilised to clarify thinking such as who is experiencing change, what change is experienced, how much change is attributable to HTS.

Section 5: Summary and the future

This report demonstrates that HTS delivers a positive social impact result through its work in improving wellbeing, in the local economy and cost savings to the state. The report details the breakdown of the wellbeing benefit created to society and provides an overview of how that social impact is being created. It also begins to outline the value created to the state and local economy and provides an estimated LM3 score.

Looking to the future, HTS operates in an ever-changing environment which is shifting the way organisations think about and deliver social impact work. Housing associations, Local Authorities contractors, suppliers, and public-sector bodies will continue to look for value for money from their spend. Cost will continue to be a major driver in decision making however organisations are increasingly thinking about social impact when awarding contracts.

The Social Act 2012 was a major driver in changing thinking around social value. The author of the Social Value Act, Chris White MP recently (December 2017) has written a report 'Our Money Our future' that makes recommendations to strengthen and extend the Act.

The Housing Green Paper is currently considering whether to mandate social housing providers to report their social impact. This requirement is likely to be extended to partners and contractors if formally implemented.

The UK Government has also recently completed a social value in procurement consultation exercise. This is likely to strengthen the guidance on reporting and evaluating social value impacts across the whole public sector and supply chain.

Elements out of scope for this report

- A selection of **case studies** that put context behind social value results to enable the understanding of individual journeys and experiences.

REPORT TO: SHAREHOLDER SUB COMMITTEE

DATE: 25 JUNE 2019

TITLE: BEST VALUE REVIEW UPDATE

LEAD OFFICER: SIMON HILL, HEAD OF GOVERNANCE (01279) 446099

CONTRIBUTING OFFICER: REBECCA FARRANT, OPERATIONS MANAGER (01279) 446811

RECOMMENDED that:

A The Sub Committee notes the progress on the Best Value Review

BACKGROUND

1. Following the first two years of trading the Council is carrying out a review of the operation of, and services delivered by, HTS (Property and Environment) Ltd. In setting up a Local Authority Trading Company to deliver services Cabinet, in October 2016, set a review process in place to demonstrate the company was achieving value for money.
2. The review will seek to ensure delivery of services received from HTS (Property and Environment) Ltd is meeting Council held and contractual expectations, statutory/ regulatory requirements, and has arrangements in place that will deliver continuous improvement and efficiency. This report sets out progress and next steps of the Review to date.
3. The review is being carried out by steering group of Officers, led by Head of Governance Simon Hill, and involves participation from a wide range of Council and HTS staff, along with Members involved in the various stakeholder groups linked to HTS (Property and Environment) Ltd service delivery such as the Service Improvement Team, Housing Standards groups and Boards and the Shareholder Sub-Committee.
4. The review will allow HTS (Property and Environment) Ltd to demonstrate to the satisfaction of the Council that it understands and has incorporated the principles of best value into its operation, securing continuous improvement through optimal use of resources to spend less; spend well and spend wisely. The outcomes of the review will be presented to Cabinet in early 2020.
5. There are 4 key themes for review as below:
 - a) Budgetary control and management
 - b) Performance
 - c) Governance

d) Relationships

6. The expected outcomes on the review will be;

a) possible contractual changes if identified as required to alleviate any blockages in progression, or being necessary to support additional activities or processes required,

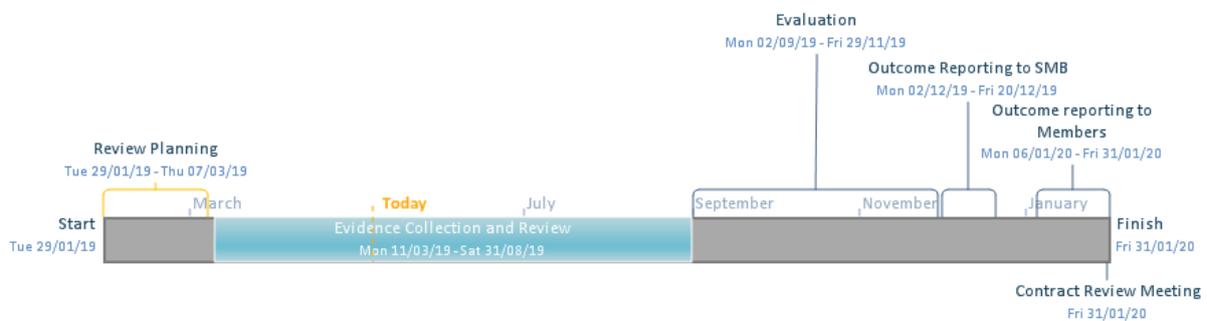
b) action plans as required to capture what’s needed in areas of operations, finance and performance.

7. These outcomes will form the basis for the consideration of a decision regarding contract extension to be made; this will then be recommended to Cabinet.

ISSUES/PROPOSALS

8. The current Project Plan Gantt chart (dated 10 June 2019), is set out in appendix A (as the project progresses additional work items may be included and timescales may change). The initial planning stage of the project completed at the end of February 2019 with all activities completed on target. The second, and current, phase of the project, Evidence Collection and Review, is scheduled to take place from March-August 2019. A Project timeline showing each stage is below:

Table 1 – Project Timeline



9. A summary of the RAG status for each Review area in the current phase is included below (as at 10 June); the activities for each Review area include the submission of evidence, examination of evidence, and production of a draft recommendation report.

Table 2 – Review Area RAG Statuses

Review Area	Evidence Collection and Review phase (tasks)	Scheduled completion date	Status
1.	Review of Annual Service Charge (changes to date and forward forecasts)	Fri 12/07/19	

2.	Demonstration of value and intentions for third party works	Fri 02/08/19	
3.	Demonstration of processes and procedures for supply chain management	Fri 14/06/19	On track
4.	Demonstration of midterm investment plan	Fri 02/08/19	
5.	Examination of payment mechanism	Sat 31/08/19	
6.	Demonstration of succession planning within organisation (legacy and retainment)	Tue 23/07/19	
7.	Demonstrate innovation/entrepreneurial culture (expansion of balanced scorecard case studies)	Sun 30/06/19	On track
8.	Examination of KPI suite	Tue 30/07/19	
9.	Demonstration of adherence with governance documents (TECKAL health check)	Fri 26/04/19	Complete
10.	Demonstration of adherence with services agreement obligations (contract health check)	Fri 26/04/19	Complete
11.	Demonstration of adherence with statutory and regulatory requirements (compliance health check)	Fri 28/06/19	On track
12.	Examination of process for strategic direction (Business plan implementation)	Fri 31/05/19	Complete
13.	Demonstration of Internal culture (and future enhancement)	Mon 12/08/19	
14.	Examination of relationship with Harlow Council (governance structures and routes for communication and decision)	Fri 02/08/19	
15.	Examination of external reputation (customer satisfaction and access)	Fri 02/08/19	

Next Steps

10. The next phase of the project will be the evaluation of draft recommendation reports, this phase will cover September and October 2019 and a detailed schedule for this phase will be programmed as the review phase draws to a close as it will be dependent to some extent on the number and detail of recommendations made by Officers and HTS (Property and Environment) Ltd senior team during the Review phase.

Stakeholder Involvement

11. Stakeholder involvement is a key aspect of the review and will include evidence collated from minutes of formal meetings through which stakeholders from housing leaseholder, and tenant groups have contributed, and also those meetings of the environmental service improvement group. Officer engagement from across the Council will see areas of finance, environment, housing, non housing and legal services leading on areas for review, with counterparts within

HTS (Property and Environment) Ltd also involved. Additional stakeholder input from Members will be required for the review of the Company's external reputation, focussing on customer satisfaction and improved access routes. As part of the review into this area, Leaders of the Council and Opposition will be invited to participate in a review session to take place in late summer.

Communications

12. Monthly communications to officers and members have been issued since the project commenced, and regular communications will continue, with relevant Portfolio Holders of Housing, Environment and Resources receiving more detailed updates alongside this. Any Member wishing to receive further information or make comment on the review is invited to do so at each point of communication. Parallel communication briefings are also provided to HTS (Property and Environment) Ltd workforce to ensure consistency and cohesion of messages across the two organisations.

IMPLICATIONS

Place (Includes Sustainability)

It is vital that the Council has in place affordable, flexible and resilient arrangements to provide the services the Council specifies within a changing fiscal environment.

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

Finance (Includes ICT)

None specific.

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

Housing

It is vital that the Council has in place affordable, flexible and resilient arrangements and an ambitious improvement plan, outlining efficiencies to match the Council's priorities and level of resources and to provide the services the Council specifies within a changing fiscal environment.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

The report sets out the Council's progress against a Best Value review requested by Cabinet which is currently timed to report by the contractual deadline set under the LATC Service Agreement. This requires a meeting with HTS (Property and Environment) Ltd where the Council will lay out its terms for agreement of any extension which must take place on or before 1 February 2020. The report indicates that the review is currently running on track to meet that contractual requirement.

Author: Simon Hill, Head of Governance

Appendices

Appendix 1 – Project Plan GANTT Dated 10 June 2019

Background Papers

None.

Glossary of terms/abbreviations used

None.

ID	Task Name	Start	Qtr 1, 2019			Qtr 2, 2019			Qtr 3, 2019			Qtr 4, 2019			Qtr 1, 2020			Qtr 2, 2020			Qtr 3, 2020	
			Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
1	Review Planning	Tue 29/01/19																				
2	SMB sign off Terms of reference	Tue 29/01/19																				
3	Initial meeting with HTS	Thu 14/02/19																				
4	Initial meetings with HDC Project leads	Mon 18/02/19																				
5	First joint meeting of Project Group	Mon 18/02/19																				
6	Article in WIS regarding project, timescales and outcomes	Mon 11/02/19																				
7	Agree reporting template and frequency for SMB	Fri 08/02/19																				
8	Agree reporting template and frequency for Members	Fri 08/02/19																				
9	Project Group agree programme and deadlines for work streams	Thu 31/01/19																				
10	Communications	Mon 11/02/19																				
11	Initial PH Briefing	Mon 11/02/19																				
12	Initial whole member briefing	Mon 11/02/19																				
13	Initial staff briefing	Mon 11/02/19																				
14	April briefings issued	Mon 15/04/19																				
15	June briefings issued	Mon 10/06/19																				
16	August briefings issued	Mon 12/08/19																				
17	September briefings issued	Mon 23/09/19																				
18	November briefings issued	Mon 18/11/19																				
19	Evidence collection and Review	Mon 11/03/19																				
20	File sharing facility set up	Mon 11/03/19																				
21	Budgetary control and management	Tue 30/04/19																				
22	1. Review of ASC	Fri 31/05/19																				
23	Evidence base submission deadline	Tue 04/06/19																				
24	Review Period	Mon 03/06/19																				
25	2. Demonstrate value of future third party works	Tue 30/04/19																				
26	Evidence base submission deadline	Fri 14/06/19																				
27	Review Period	Mon 17/06/19																				
28	3. Demonstrate plans for supply chain management	Wed 01/05/19																				

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ID	Task Name	Start	Qtr 1, 2019			Qtr 2, 2019			Qtr 3, 2019			Qtr 4, 2019			Qtr 1, 2020			Qtr 2, 2020			Qtr 3, 2020	
			Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
29	Evidence base submission deadline	Wed 01/05/19																				
30	Review Period	Mon 27/05/19																				
31	4. Demonstrate midterm investment plan	Fri 14/06/19																				
32	Evidence base submission deadline	Fri 14/06/19																				
33	Review Period	Mon 17/06/19																				
34	5. Payment mechanism	Sun 30/06/19																				
35	Evidence base submission deadline	Sun 30/06/19																				
36	Review Period	Mon 01/07/19																				
37	6. Succession planning	Thu 23/05/19																				
38	Evidence base submission deadline	Thu 23/05/19																				
39	Review Period	Fri 24/05/19																				
40	7. Innovation/Entrepreneurial	Mon 03/06/19																				
43	8. KPIs	Tue 30/04/19																				
44	Evidence base submission deadline	Tue 30/04/19																				
45	Review Period	Wed 01/05/19																				
46	Governance arrangements	Mon 11/03/19																				
47	9. Adherence with governance documents	Mon 01/04/19																				
48	Evidence base submission deadline	Mon 01/04/19																				
49	Review Period	Tue 02/04/19																				
50	10. Adherence with services agreement obligations	Mon 01/04/19																				
51	Evidence base submission deadline	Mon 01/04/19																				
52	Review Period	Tue 02/04/19																				
53	11. Adherence with statutory and regulatory requirements	Wed 01/05/19																				
54	Evidence base submission deadline	Wed 01/05/19																				
55	Review Period	Thu 02/05/19																				
56	12. Process for strategic direction (Business plan)	Mon 01/04/19																				
57	Evidence base submission deadline	Mon 01/04/19																				
58	Review Period	Tue 02/04/19																				

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ID	Task Name	Start	Qtr 1, 2019			Qtr 2, 2019			Qtr 3, 2019			Qtr 4, 2019			Qtr 1, 2020			Qtr 2, 2020			Qtr 3, 2020	
			Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
59	13. Internal culture	Fri 21/06/19																				
62	14. Relationship with Harlow Council	Mon 01/07/19																				
63	Evidence base submission deadline	Mon 01/07/19																				
64	Review Period	Tue 02/07/19																				
65	15. External Reputation	Mon 01/07/19																				
66	Evidence base submission deadline	Mon 01/07/19																				
67	Review Period	Tue 02/07/19																				
68	Evaluation	Mon 02/09/19																				
69	Project group agree programme and deadlines for evaluation	Mon 02/09/19																				
70	Evaluation period	Mon 02/09/19																				
71	Outcome Reporting to SMB	Mon 02/12/19																				
72	Initial outcome report agreed by Project Group	Mon 25/11/19																				
73	Initial outcome report to SMB	Fri 29/11/19																				
74	Interim outcome report agreed by project group	Wed 04/12/19																				
75	Interim outcome report to SMB	Mon 09/12/19																				
76	Final outcome report agreed by Project Group	Mon 16/12/19																				
77	Final outcome report to SMB	Mon 06/01/20																				
78	Outcome reporting to Members	Mon 06/01/20																				
79	SMB sign off final outcome report and summarised report to Cabinet	Thu 09/01/20																				
80	Cabinet report to Corporate Support	Wed 09/01/20																				
81	January Cabinet meeting	Thu 23/01/20																				
82	Contract Review Meeting	Mon 06/01/20																				
83	Contract review meeting with HTS held - agree timetable for next steps	Fri 31/01/20																				
84	Finalisation of contract determination/extension	Mon 03/02/20																				
85	Agree terms for extension - if desired	Mon 03/02/20																				
86	Final contract documents drawn up for extension - if desired	Mon 30/03/20																				
87	Deadline for signing of contract extension or confirming determination of contract after end of year 5	Wed 01/07/20																				

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