

SHAREHOLDER SUB COMMITTEE
Tuesday 29 September 2020 at 7.30 pm
Zoom - Online

This meeting is a virtual meeting which is being hosted on Zoom. Councillors and registered public participants will be sent access details nearer the date of the meeting.

Members of the public who wish to watch the meeting can do so via a livestream which will appear on the Council's YouTube page
<https://www.youtube.com/user/HarlowCouncil>

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 7 November 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) Operational and Finance Report (Pages 9 - 19)
 - b) Social Impact Report 2019/20 (Pages 20 - 41)

To note the Social Impact Report 2019/20.
7. Best Value Update Report (Pages 42 - 51)
8. Responsive Repairs and Customer Access Review (Pages 52 - 55)
9. Appointment of HTS Group Ltd Managing Director (Pages 56 - 57)

10. Referrals from Cabinet

To note the following referrals from Cabinet.

- a) Report of the Covid-19 Recovery Working Group (Pages 58 - 93)
- b) Terms of Reference (Page 94)
- c) HTS (Housing and Regeneration) Company Business Plan
(Pages 95 - 116)

11. HTS Group Ltd Reports

To note the following reports.

- a) Reference from HTS Group Board - Annual Report and Financial Statement at Year End 31 March 2020 (Pages 117 - 130)
- b) Reference from HTS (Housing and Regeneration) Company - Scheme of Delegation (Pages 131 - 146)
- c) Reference from HTS (Property and Environment) Ltd - Management Accounts 2019/20 (Pages 147 - 182)

12. 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.

13. Date of next meeting

18 March 2021.

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

7 November 2019

7.30 - 8.25 pm

PRESENT

Sub Committee Members

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

Officers

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

Additional Attendees

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

13. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Andrew Johnson.

14. **DECLARATIONS OF INTEREST**

None.

15. **MINUTES**

RESOLVED that the minutes of the meeting held on 25 June 2019 are agreed as a correct record and signed by the Leader.

16. **MATTERS ARISING**

a) Minute 4a - Matters Arising

Councillor Ingall said that the report on HTS (Housing and Regeneration) Company had been delayed. There were multiple areas which still needed to be worked on and it was vital that the Council got it right. It was hoped that reports would be ready to go to Cabinet after December.

17. **SUB COMMITTEE WORK PLAN**

RESOLVED that the Work Plan was noted.

18. **OPERATIONAL AND PERFORMANCE REPORTS**

a) Performance and Balanced Scorecard

The Sub Committee received a report which set out the financial and performance position for HTS as at September 2019.

In response to questions by Councillors, John Phillips, Managing Director HTS (Property and Environment) Ltd, said that there were two reasons that operational performance was at 66 per cent. Firstly, sickness rates had risen to 4.12 per cent against a target of 3.8 per cent. This increase was primarily due to long term sickness. Secondly, HTS had experienced two RIDDOR incidents. The RIDDOR incidents would not come off of HTS's statistics until July 2020.

HTS had a minimum reserve target of £500,000, but currently had a greater level of reserves. HTS was planning to use £300,000 of its reserves to replace 43 vehicles within its fleet.

RESOLVED that:

A The Sub Committee acknowledges the performance and financial position as at September 2019 set out in paragraphs 12 to 17 as follows:

- i) HTS (Property & Environment) Ltd (HTS) has achieved a reported 96 per cent success rate for September 2019/20 against the current suite of major and minor KPI's that govern the contract.
- ii) An actual retained profit level totalling £493,009 as at September 2019/20 and are forecasting a level of £1,049,000 for the year ending March 2020/21.

b) Risk Register

The Sub Committee considered a report which set out strategic risks associated with HTS, as well as the actions that HTS was taken to address governance and data compliance concerns from the Council.

RESOLVED that the Sub Committee noted:

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 Harlow Council.

19. **BEST VALUE REVIEW**

The Sub Committee received a report which set out progress made in the Council's best value review of the operation and services delivered by HTS (Property and Environment) Ltd since its creation in October 2016.

RESOLVED that the Sub Committee notes the report.

20. **RESPONSIVE REPAIRS AND CUSTOMER ACCESS REVIEW**

The Sub Committee received a report which gave an update on the responsive repairs and customer access review. This included progress on the implementation of an online customer portal.

RESOLVED that the Sub Committee noted the report.

21. **REPLACEMENT OF HTS (PROPERTY AND ENVIRONMENT) LTD FLEET**

The Sub Committee received a report which recommended that HTS sought a loan of £670,000 from the Council to replace 43 vehicles within HTS's fleet.

The Sub Committee discussed the opportunities available for further electric vehicles. John Phillips said that the single electric vehicle would serve as a trial and would be used to establish the needs of workers. Electric, commercial vehicles were not currently widely available, but current predictions suggested that during the next financial year they would become viable.

HTS needed to refresh its fleet now as some vehicles were being scrapped and HTS was needing to spot hire vehicles. Continuing with spot hiring would become more expensive than purchasing new vehicles.

It was agreed that the wording for recommendations A and B would be amended to include the loan was being authorised and approved in principle. It was also agreed that the subsequent report to Cabinet would request that further work be carried out on increasing the number of electric vehicles HTS had to mitigate its carbon footprint.

RESOLVED that the Sub Committee:

- A** Authorised HTS (Property and Environment) Ltd to seek a loan, in principle, of £670,000 from the Council and approve the purchase of 43 new vehicles.

B Recommended to Cabinet that a loan to HTS (Property and Environment) Ltd of £670,000 is approved, in principle, for the purpose of purchasing 43 new vehicles.

C Requested that HTS (Property and Environment) Ltd mitigate actions to alleviate any impact on climate change. In addition, to keep under review changes to electric vehicle technology so that they are well placed to take advantage for the next fleet renewal period.

22. **REFERENCES FROM THE HTS BOARD**

a) Statutory Accounts Outturn

The Sub Committee received the HTS Group Ltd Audited Statutory Accounts.

RESOLVED that the Sub Committee noted the HTS Group Ltd Audited Statutory Accounts attached as Appendix A to the report.

23. **REFERENCES FROM THE HTS (PROPERTY AND ENVIRONMENT) LTD BOARD**

a) Statutory Accounts Outturn

The Sub Committee received the HTS Group Ltd Audited Statutory Accounts.

RESOLVED that the Sub Committee noted the HTS Group Ltd Audited Statutory Accounts attached as Appendix A to the report.

24. **MATTERS OF URGENT BUSINESS**

None.

25. **DATE OF NEXT MEETING**

July 2020.

CHAIR OF THE SUB COMMITTEE

Shareholder Sub-Committee Work Plan 2020/21

Title	29 September 2020	18 March 2021
<u>Operational and Performance Reports</u>		
Performance	Report	Report
Balanced Scorecard		Report
Risk Register		Report
Social Impact Report	Report (19/20)	
<u>Other Reports</u>		
HTS (P & E Ltd) Business Plan Update		Report
Responsive Repairs and Customer Access Review	Report	
Progress of HTS (Housing and Regeneration) Company and appointment of Managing Director	Report	Report
Referrals from HTS Group Board	Report	Report
Referrals from HTS (Property and Environment) Board- Management Accounts Outturn report 2018/19	Report	
Best Value Review	Report	Report

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Agenda Item 5

REPORT TO: **SHAREHOLDER SUB COMMITTEE**

DATE: **29 SEPTEMBER 2020**

TITLE: **OPERATIONAL 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 together with its Covid-19 status update It covers operational activity across all work streams for the period April to July 2020 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 and the additional costs due to Covid-19 crisis.
 - iii) Status Update - HTS services were significantly impacted during the crisis and performance has been much lower as a result of the restrictions imposed by the government due to Covid-19. The report underlines steps taken to respond to and begin the process of social and economic recovery of Harlow.

BACKGROUND

1. On the 16 March 2020, the Government issued advice on how to prevent the spread of the virus. From 18 March 2020, and in conjunction with the needs of our services, all staff that could work from home were asked to do so; and changed (with immediate effect) the way HTS provide its services.
2. On 23 March 2020, the Prime Minister announced more measures to mitigate the virus in order to protect the NHS, with wide-ranging restrictions made on the freedom of movement for a planned "lockdown".
3. Responding to the Covid-19 pandemic was HTS's number one priority. By taking these steps we protected the health and wellbeing of our staff and residents.

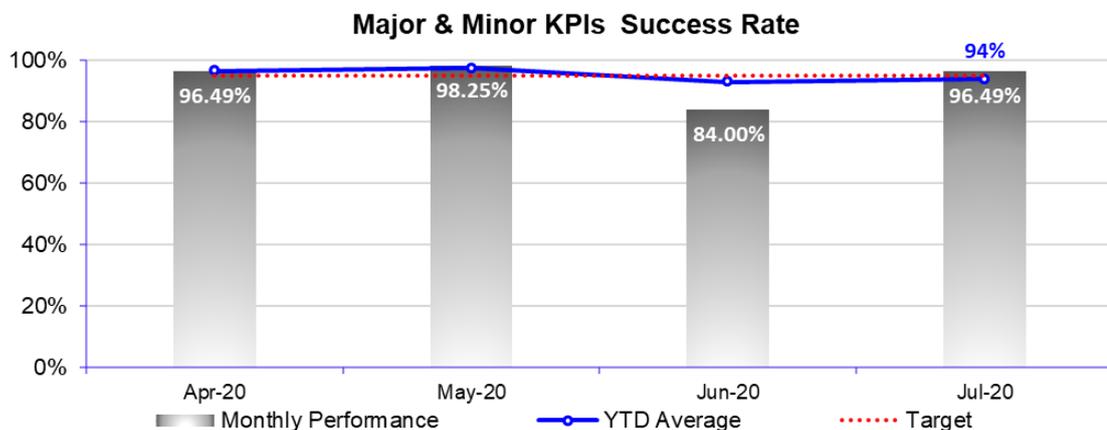
ISSUES/PROPOSALS

Impact on Services

4. From Monday 23 March 2020, HTS reduced its operations to manage emergencies only to ensure the residents have a point of contact during this period of anxiety.
5. Individual plans were produced by Heads of Service and Managers to include a review of homeworking, service requirements, preparation for potential absences due sickness, self-isolation, quarantine/school closures. The plans were incorporated into HTS's Business Continuity Plan (BCP).
6. HTS's main focus in responding to this pandemic was to keep essential services running.

Summary of Operational Performance – April-July 2020/21

7. HTS operations were initially reduced to run emergencies only in compliance with Government guidelines. These services were then extended to cover urgent jobs as the lockdown was eased. Subsequently with further relaxation of restriction, HTS began to increase operations to manage the backlog of non-urgent jobs. Consequently, some of the KPIs fell short of performance target resulting in 11% going into Red and 5% into Amber.
8. HTS achieved an average of 94% KPI compliance as at July 2020 against the full suite of Major and Minor KPIs that govern the contract for the year 2020/21.



Underperforming Major KPIs

9. Grounds Maintenance
 - a) Red: Tree works – Inspection of trees (not dangerous) reported requiring attention/maintenance within 20 working days

- b) Reason: Performance dropped as operations were reduced to deal with attending to dangerous trees only following the National lockdown guidelines. This has increased the backlog of non-urgent jobs.
- c) Corrective action: HTS has implemented an action plan in light of the drop-in performance so a structured approach is adopted to prevent further decline and bring performance back on track. The Arborists team has increased activity as the restrictions are eased and working practices are revised to mitigate against the Covid-19. In addition, HTS have assigned inspections to a sub-contractor which has sped up progress being made.

10. Housing

- a) Amber: Standard requests for service (attend within 20 days)
- b) Reason: Performance dropped due to restricted operations following Covid-19 National Lockdown. 107 out of total 1,045 Jobs were completed outside of target due to Covid-19 National Lockdown.
- c) Corrective action: HTS continues to complete outstanding works as restrictions are eased and new methods of operations are introduced. Performance has already improved since previous month.

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

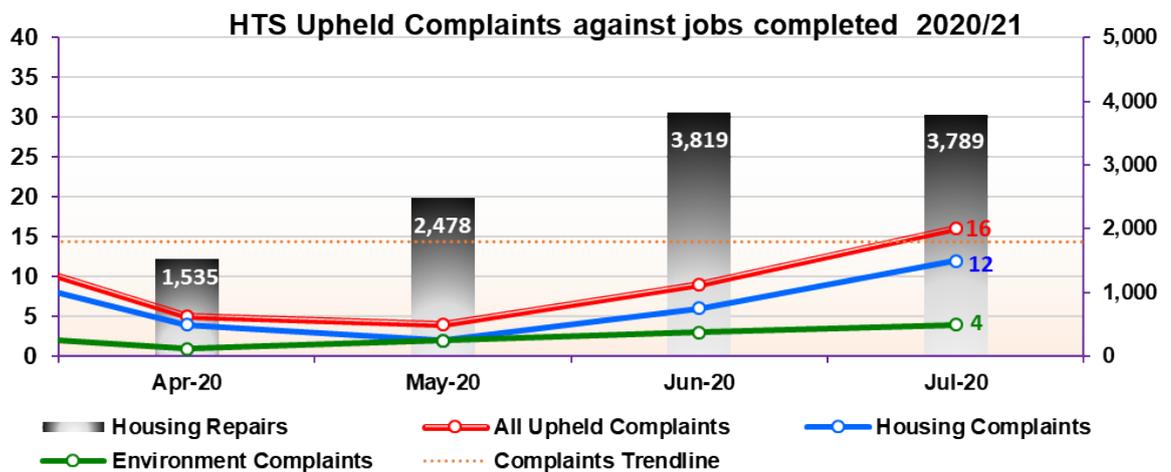
R&M OPERATIONS	April '20	May '20	June '20	July '20
Responsive Repairs	1,535	2,478	3,819	3,789
Gas Servicing	188	727	1,162	1,300
Emergencies	371	302	348	358

Customer Service Report

12. 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 over Q1 and monitors the trend against the Housing repairs.

- a) HTS completed **3,789** repairs jobs in July; **16** have resulted in a valid complaint illustrating **0.42%** of jobs leading to valid complaint.

- b) Complaints relating to environment accounted for 25% of the overall complaints whilst the remaining 75% were in housing. This trend has been constant over the last 3 years of HTS Operations.
- c) Whilst upheld complaints remain significantly low, HTS analyses the causes of complaints to ensure continued learning. Initially, complaints remained low during April and May as the National Lockdown was in full effect. Subsequently complaints have increased as the lockdown is eased, and tenants' expectations are raised. HTS anticipates the numbers to increase further in Quarter 2 as tenants' chase up non-urgent repairs which had been put on hold due to the reasons outside of HTS control.



Members' Enquiries

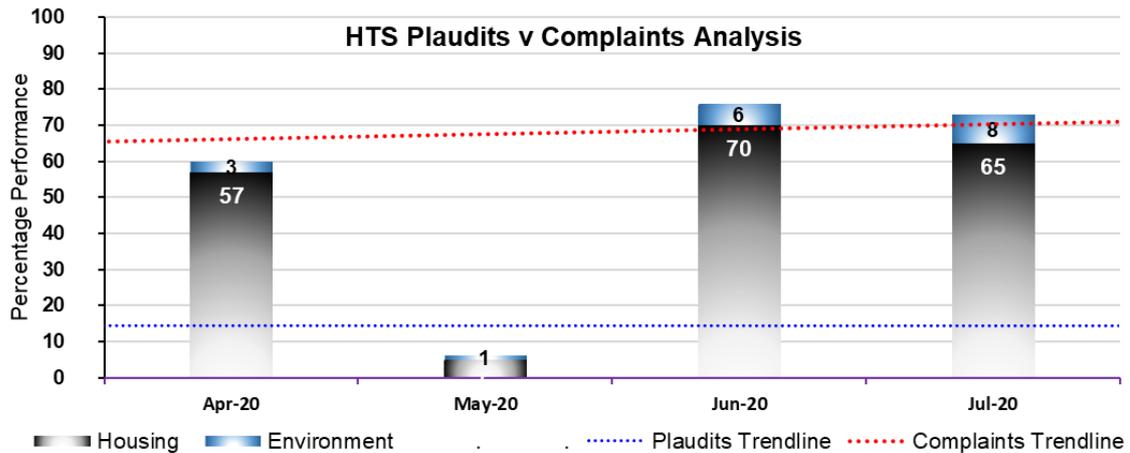
13. Councillors can also take up issues on behalf of residents and report to Harlow Council. These issues/enquiries are then passed on to HTS where necessary for a resolve. These are reviewed daily, and the Customer Service Team advise members of all completions by e-mail within a 10 working day period if passed to other departments and one working day for general enquires. There has been an increase in activity as expected following the Covid-19 National Lockdown. Please see below a monthly analysis of enquiries.

HTS OPERATIONS	Apr '20	May '20	Jun '20	Jul '20
Members' Enquiries	4	18	22	30

Plaudits and Good News Stories

14. 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. Please see below an analysis of plaudits against complaints.



- July has resulted in 65 Plaudits across housing and Environment. The drop in May was mainly due to technical issue with recording plaudits. In comparison to Complaints, average Plaudits have been on the increase since June 2018.

Planned Works and Delivery of Capital Programme

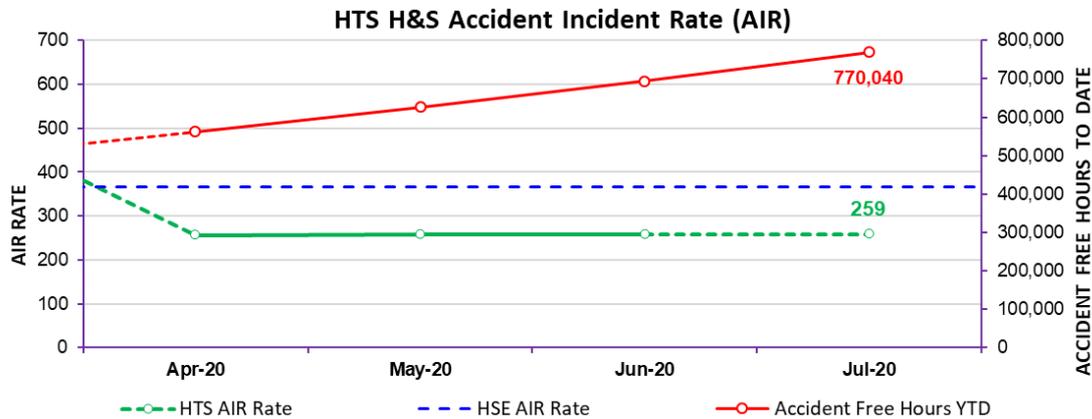
- The Council and HTS agreed an initial draft three-year Programme within the Council's investment plans at the commencement of the contract, with the Programme being reviewed on an annual basis.
- Key for both HTS and the Council is to continue to ensure increased confidence is demonstrated with the 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.
- 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

- Joint liaison has ensured Business Cases were submitted in line with the timescales and approved by Cabinet, using the new form of Contract for the programmes of work under the JCT Measured Term Contracts (2016).
- 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 ongoing review at the monthly Progress Meetings with issues being addressed, and escalated if necessary to the Shared Operations Meeting and reporting to SMB.

Health and Safety

21. HTS reported a RIDDOR in August '19 resulting in an increase of AIR rating. Currently AIR rating is at 259 with 770,040 accident free hours. HTS expects to achieve the ZERO AIR rating in August '20.



Finance Update – April-July 2020/21

22. Overall, HTS's revenue as at July 2020 was £34,000 above forecast, mainly within Capital Works, and produced Net Profit before Tax of £73,000. The year to date total profit was £188,000 (2.9%).
23. July 2020 results include £54,500 release of Covid-19 specific provision; these were mainly to cover higher subcontractors' costs incurred as a result of additional orders raised to support service delivery.
24. Grounds – Revenues of £259,000 were £6,000 below forecast and produced Gross Profit of £7,000, being £3,000 above the forecast. Total YTD Revenue was £1,034k, with a YTD Profit of £20,000.
25. Streets – Revenues of £275,000 were £4,000 below the forecast and produced a Gross Profit of £41,000, being £3,000 above the forecast. Total YTD Revenue was £1,112,000 with a YTD profit of £162,000.
26. Housing Property Services – Revenues of £763,000 were £1,000 as per the forecast and produced a Gross Profit of £37,000 being £3,000 above forecast. The YTD Revenue was £3,051,000 with a total profit of £161,000.
27. Depot – Revenues of £46,000 were as per the forecast and produced a Gross Loss of £10,000 being as per the forecast. Total YTD Revenue was £190,000 with a total loss of £44,000.
28. Overheads – Revenues in the month of £207,000, as per forecast. The actual overhead spends in the month of £233,000 as per the budget, with the YTD Revenue of £828k, with the actual YTD costs of £1,005,000.

29. Harlow Capital Works – The July revenue of £218,000 were £46,000 above the forecast with a gross profit of £17,000 being £7,000 above forecasted. Total YTD revenue was £451,000, with a total YTD profit of £36,000.
30. Third Party Works – There were £11,000 revenues relating mainly to the sub lease of Mead Park and South Cambridgeshire facility management.
31. ASC Budget – The JUL 2020 results of 4,469 jobs were completed with an actual spend of £690,000. YTD total jobs completed was 12,656 with an actual spend of £1,638,000.
32. Non Housing Budget – The Non-Housing results for JUL 2020 were 76 jobs completed and valued at £27,000. YTD total number of jobs of 155 valued at £42,000.
33. Harlow District Council Loan – The loan continues to be repaid at £19,000 per month and the balance outstanding as at Jul 2020 was £390,000. Interest of £2,000 for July 2020 has been paid to the Council.
34. Capital Assets – As at Jul 2020, the Net Book Value of Fixed Assets was £950,000 as shown below:

	Cost Value	Acc. Depreciation	NBV
Goodwill	£448k	£299k	£149k
Plant & Machinery	£963k	£497k	£465k
Office Equipment	£19k	£8k	£10k
IT & Phones	£244k	£153k	£91k
Motor vehicles	£438k	£201k	£237k
Building Improvements	£55k	£23k	£32k
	£2,167k	£1,181k	£986k

Note: Following last year's changes to IFRS16 on leases, HTS balance sheet includes the right of use assets representing qualifying leases to a value of £780,000 and the corresponding right of use liability to a value of £791,000. New JCB was purchased at a cost of £62,500. Orders have been placed for 36 remaining vehicles and we continue with the temporary hire of the vehicles until their delivery.

Audited Accounts

35. Ensors have completed their audit of HTS's financial statements of the company for the period ended 31 March 2020 This comprised of the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The accounts were agreed and the financial statements:
- a) provided a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the period then ended;

- b) had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- c) had been prepared in accordance with the requirements of the Companies Act 2006

Coronavirus Status Update

- 36. HTS has taken steps to respond to and begin the process of social and economic recovery of Harlow as the country continues to deal the Covid-19 pandemic. It has established a number of Working Groups to work on a recovery action plan.
- 37. HTS services were significantly impacted during the crisis and performance has been much lower as a result of the restrictions imposed by the government.
- 38. On 15 June 2020 the Council granted HTS relief on the performance of its KPIs that govern the contract (Majors, Minors and Measurements) for the financial year 2020/21.
- 39. HTS Achievements
 - a) Played a leading role in supporting the Community Hub, providing vans, volunteer resources, and storage accommodation for food parcels etc.
 - b) Played a leading role in procuring PPE equipment ensuring “fit for purpose”, establishing reliable markets/supply chain, interpreting Complex/changing government Health & Safety guidance into adapting business processes, arranging Covid Secure office arrangements
 - c) Established a “remote contact centre” quickly for responding to customer emergencies/enquiries.
 - d) Worked well with local/national trade unions, in partnership, to provide support to employees through lock down, and get people back to work safely/processes.
 - e) Achieved national recognition as a playing a leading role in the newly formed LATCo organisation, developing support mechanisms for members.
 - f) Ensuring that Harlow Council maintained compliance activities across a range of activities
 - g) Maintaining resources to deliver emergency services throughout the pandemic

40. 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 Wave has taken 8 weeks to finish a complete round of the town, 2 weeks longer than normal. The hard weed spray was delayed but was reprogrammed and results take some time for improvements to show. The next keep Britain Tidy visit is due w/c 14/9
Grounds Maintenance		There is a Tree Improvement Action Plan in place that is being monitored regularly to clear a backlog of works. High levels of inspections are generating significant workload despite the time of year when we would normally expect a reduction. Grass cutting has been fully resourced but the wet weather has resulted in perfect growing conditions.
Housing Property		The voids backlog has been cleared with levels at the lowest for some time, resulting in an improved turnaround time. Gas compliance has improved to the extent that compliance is back to pre-covid levels. There is a standard repairs Improvement Action Plan to place which details how the backlog of repairs will be reduced.
Non-Housing Property		Emergency repairs were only carried out during lockdown that resulted in standard repairs not getting completed. Generally, services are now being delivered in the required timescales

IMPLICATIONS

Environment and Planning (Includes Sustainability)

The performance on tree works went into red in the first quarter with a significant backlog of outstanding work. An action plan has been agreed with the Council's Environment Team to improve this and performance is expected to be back on track by the end of Q3.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT, and Property and Facilities)

As contained within 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 (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 – HTS Management Accounts

Background Papers

None.

Glossary of terms/abbreviations used

HTS – HTS (Property and Environment) Ltd

YTD – Year to Date

Appendix A

HTS (Property & Environment) Ltd
 Summary of Management Accounts
 Month: Jul 2020

	Actual			Actual			Actual			Actual Month			Actual Year to Date			Forecast		
	14 Months to March 2018			12 Months to Mar 2019			12 Months to 31 MAR 2020			Jul 2020			4 Months to 31 Jul 2020			Year to 31 March 2021		
	Actual £000's	Business Plan £000's	Variance £000's	Actual £000's	Business Plan £000's	Variance £000's	Actual £000's	Business Plan £000's	Variance £000's	Actual £000's	Forecast £000's	Variance £000's	Actual £000's	Forecast £000's	Variance £000's	Latest Forecast £000's	Original Budget £000's	Variance £000's
1/ Total (All Activities)																		
Sales	23,843	26,159	(2,316)	23,453	24,171	(719)	25,944	27,296	(1,352)	1,779	1,745	34	6,722	6,688	34	24,326	24,641	(315)
Cost of Sales	(19,999)	(22,095)	2,096	(20,125)	(20,545)	420	(22,090)	(23,123)	1,033	(1,472)	(1,453)	(19)	(5,522)	(5,503)	(19)	(20,432)	(20,728)	296
Gross Profit	3,844	4,064	(220)	3,328	3,626	(299)	3,854	4,173	(319)	308	291	16	1,201	1,184	16	3,895	3,913	(19)
Overheads	(3,279)	(2,805)	(474)	(2,763)	(2,470)	(293)	(3,201)	(2,741)	(460)	(233)	(233)	-	(1,005)	(1,005)	-	(2,874)	(2,882)	8
Net Profit	565	1,259	(694)	563	1,156	(592)	653	1,431	(778)	75	59	16	196	180	16	1,021	1,032	(11)
Interest	(55)	(65)	10	(50)	(44)	(6)	(29)	(53)	24	(2)	(2)	0	(8)	(8)	0	(29)	(22)	(6)
Net Profit before Tax	** 510	1,194	(684)	515	1,112	(598)	625	1,379	(754)	73	57	16	189	173	16	993	1,011	(17)
Taxation	(98)	(239)	141	(102)	(128)	27	(123)	(262)	139	(14)	(11)	(3)	(36)	(33)	(3)	(189)	(192)	3
Retained Profit	412	955	(543)	413	984	(571)	503	1,117	(615)	59	46	13	153	140	13	805	819	(14)
													0.00%	0.00%		0.00%	0.00%	
2/ H.D.C.- Annual Service Charge																		
Sales	20,143	20,359	(216)	17,248	17,871	(623)	17,769	18,276	(507)	1,550	1,560	(10)	6,216	6,226	(10)	18,696	18,721	(25)
Cost of Sales	(16,599)	(16,738)	139	(14,357)	(14,697)	340	(14,619)	(14,740)	121	(1,268)	(1,285)	17	(5,089)	(5,106)	17	(15,241)	(15,262)	21
Gross Profit	3,544	3,621	(77)	2,889	3,174	(284)	3,150	3,536	(386)	282	275	7	1,127	1,120	7	3,455	3,459	(4)
Overheads	(3,097)	(2,623)	(474)	(2,607)	(2,299)	(308)	(3,046)	(2,583)	(463)	(220)	(220)	-	(953)	(953)	-	(2,718)	(2,724)	6
Net Profit	447	998	(551)	282	875	(591)	104	953	(849)	62	55	7	174	167	7	737	735	2
													0.00%	0.00%		0.00%	0.00%	
3/ H.D.C. - Capital Works																		
Sales	3,613	5,800	(2,187)	6,068	5,800	268	7,998	8,885	(887)	218	172	46	450	404	46	5,474	5,775	(301)
Cost of Sales	(3,400)	(5,357)	1,957	(5,750)	(5,380)	(370)	(7,400)	(8,355)	955	(201)	(162)	(39)	(415)	(376)	(39)	(5,143)	(5,426)	283
Gross Profit	213	443	(230)	318	420	(102)	598	530	68	17	10	7	35	28	7	331	349	(18)
Overheads	(182)	(182)	-	(156)	(159)	3	(156)	(156)	-	(13)	(13)	-	(52)	(52)	-	(156)	(156)	-
Net Profit	31	261	(230)	162	261	(99)	442	374	68	4	(3)	7	(17)	(24)	7	175	193	(18)
													0.00%	0.00%		0.00%	0.00%	
4/ Non HDC Trading																		
Sales	87	-	87	135	500	(365)	177	135	42	11	13	(2)	56	58	(2)	156	146	10
Cost of Sales	-	-	-	(15)	(468)	453	(70)	(26)	(44)	(2)	(4)	2	(17)	(19)	2	(47)	(41)	(6)
Gross Profit	87	-	87	120	32	88	107	109	(2)	9	9	0	39	39	0	109	105	4
Overheads	-	-	-	-	(12)	12	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit	87	-	87	120	20	100	107	109	(2)	9	9	0	39	39	0	109	105	4



HTS 2019/20 Social Impact Report:

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

James Williams

August 2020

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Executive summary

The purpose of this report is to perform a social impact analysis of selected HTS Group activities in 2019/2020.

HTS Group 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 social impact analysis techniques.

The report uses contextual analysis, wellbeing, cost benefit analysis and economic multiplier techniques to assess social impact outcomes.

Key findings are:

- HTS Group can demonstrate that it created social value in relation to key core CSR objectives as well being able to quantify social impact through **work experience, staff training, volunteering, apprenticeships and supporting community organisations.**
- HTS created £698,058 of social value in the 2019-20 year.
- 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.
- There have been several significant changes to the operating environment in particular the impact of the Covid-19 pandemic.
- Recommendations include adoption of a Social Impact Framework, setting up a social impact working group and investigation into how to adopt the local wealth building concept in Harlow.

Section summaries

The report is split into the following five sections:

Section 1 provides a description of the activities of HTS Group in relation to social impact and the current operating environment.

Section 2 explains the methodology adopted in the social impact assessment and how social value is measured using contextual analysis techniques, 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 and quantifies 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 context and background at HTS Group

HTS Group was established 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 Group has a vision:

Where Harlow is a place where people want to live and work as well as encouraging healthy lifestyles for employees.

Additionally, HTS Group 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.

To help inform and take this work forward Housing Association Charitable Trust (HACT) worked with HTS to produce an initial 2018-19 report which provided an initial social impact assessment and recommendations to improve social impact measurement practice.

Since the initial 2018-19 report there have been several notable external and internal developments relevant to how HTS Group undertakes its CSR work.

- **The Covid pandemic** is changing how organisations operate and enormous social and economic impacts are starting to be felt in communities even at the end of 2019-20. The extent of these impacts in the future are largely unknown but are expected to impact significantly on the operating environment. Put simply it won't be business as usual in the future. For example, the Office for National Statistics (ONS) estimates 24% of the British population feel that it will take more than a year or that life will never return to normal¹
- **The Covid pandemic** will and already is affecting affect employment levels (which are expected to decrease significantly see Table I and Map I below).
- **In November 2019 HTS Group became a founding member and sponsor of the National Local Authority Trading Companies (LATCo) network.** The network aims to ensure LATCo's conduct their business in a way that is ethical. Membership of the network commits HTS Group to maximising social impact by aligning with public service ethos and values, ensuring fair and open practices and good customer relations, choosing suppliers carefully, looking at their health, safety, and environmental practices, creating positive change in the community, e.g. sponsoring local events, taking part in charity initiatives, volunteering, being responsible employers who do more than simply comply with the law.
- **A new company has been registered, HTS (Housing and Regeneration) Ltd.** The company aims to source and provide housing at

¹

<https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/personalandeconomicwellbeingintheuk/june2020>

social, affordable and commercial rents to the local community through the purchase and renovation of properties to decent homes standards. Thereafter, taking on landlord and ongoing property repairs and maintenance responsibilities. The establishment of this company will bring additional opportunity to create social, economic and environmental impacts.

Section 2: Social Impact Measurement techniques

Contextual analysis

Any social impact analysis should consider the local and national context in which it operates. This is important for a variety of reasons.

- ✓ It enables HTS to cross reference CSR activities in the context of local and national need.
- ✓ It helps to provide insights into how HTS is currently tackling issues at a geographical level, for example it allows HTS to understand and become more aware of social issues in their communities and ask where support is most needed and assess whether business operations, CSR projects and programmes are aligned effectively to that need.
- ✓ Contextual analysis allows us to assess the extent of HTS contribution to key local issues.

The report will make use of several information sources to analyse and understand key issues in the Harlow Local Authority area drawing from the open data tool Community Insight².

Wellbeing valuation and the UK Social Value Bank

As in 2018-2019 this report has drawn heavily on the UK Social Value Bank (UKSVB)³ 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 Book⁴ 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 wellbeing⁵ 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.

² <https://www.communityinsight.org/>

³ <http://www.hact.org.uk/value-calculator>

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

⁵ How satisfied they are with their life on a scale of 0-10, from 'not at all' to 'completely'.

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 250 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 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, recruiting and encouraging staff to spend locally. Local Economic Multiplier (LM3) analysis can be used to measure the economic impact 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.

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 Homes and Communities Agency (HCA) Additionality Guide⁷. 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.

⁶ <https://neweconomics.org/2002/12/the-money-trail/>

⁷ <https://www.gov.uk/government/publications/additionality-guide>

Section 3: Social value results and assessment

HTS operates the following CSR programmes:

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

The contextual analysis below will focus on the above programmes and seek to demonstrate and understand the extent to which these activities impact and meet needs in the wider community.

Taking each programme in turn.

Programmes 1 and 2: (Employment and work experience)

Table 1 below illustrates data from Harlow Local Authority area. It demonstrates that whilst performing relatively well in relation a whole range of socio-economic indicators as compared to the English average, Harlow still has a higher than the English average of unemployment benefit claimants both for 50+ and youth (18-24) unemployment.

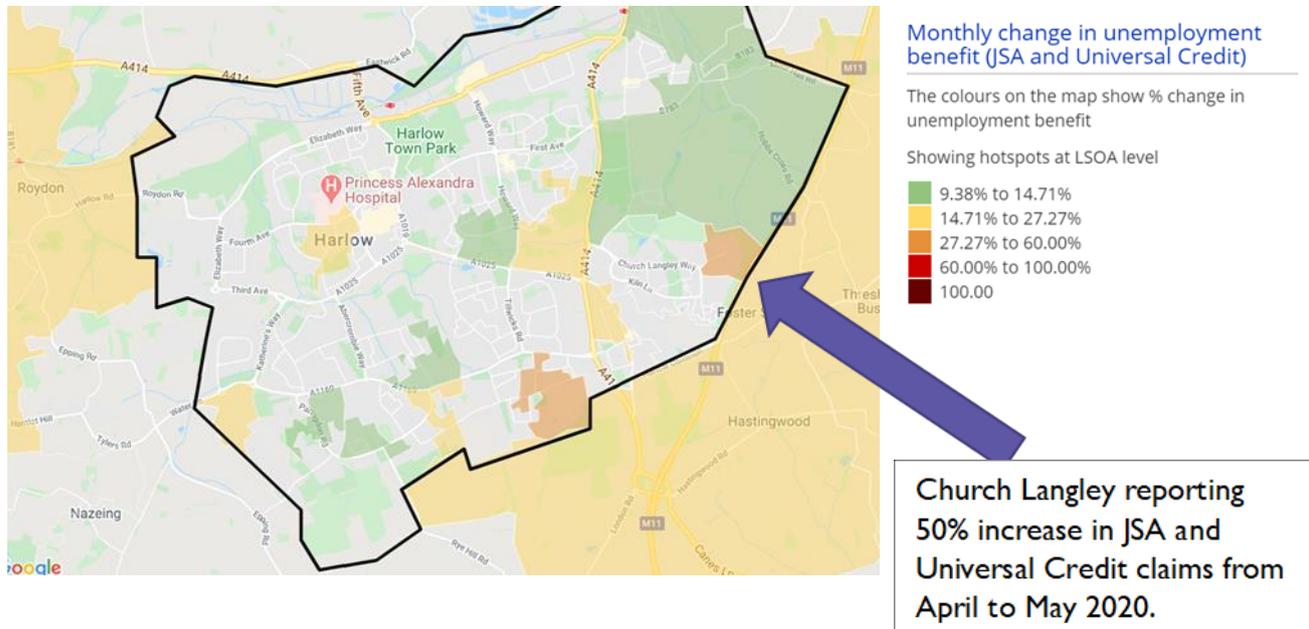
Table 1 Key unemployment data from Harlow (source Department for Work and Pensions)

Number of Unemployment benefit (JSA and UC) claimants (May 2020)	Number of Youth unemployment (JSA/UC claimants aged 18-24) (May 2020)	Number of Older unemployed (JSA/UC credit claimants aged 50+) (May 2020)	Number of Male unemployment (JSA and UC) claimants (May 2020)
4720	840	1025	2900
Claimants as a proportion of population 16-64	Claimants 18-24 as a proportion of population 18-24	Claimants 50+ as a proportion of population 50+	Male claimants as a proportion of male population 16-64
Harlow 8.8%	Harlow 12.9%	Harlow 3.5%	Harlow 11%
England average 6.5%	England average 8.8%	England average 2.5%	England average 7.9%

Recently the impact of Covid has resulted in higher levels of claims for unemployment benefit and this can be seen with up to 50% increase in claimants in localities such as

Church Langley with a particularly high level of increase from April to May 2020 please see map I below.

Map I-Percentage Monthly change in unemployment benefit (JSA and Universal Credit) April to May 2020



Clearly in the context of the Covid-19 pandemic there is a specific need which can be evidenced regarding providing local employment and apprenticeships.

HTS is impacting positively on local employment in the following ways:

- ✓ 7 apprenticeships are in post across different departments in the organisation as well as 2 apprentice progressions to level 4 in accountancy and from business administrator level 3 to trainee quantity surveyor.
- ✓ HTS Apprentice won the Apprenticeship of the Year award as part of the Harlow Educational Awards 2019.
- ✓ HTS also runs several work experience programmes which are designed to inform future work choices, provide opportunities for young people to prove themselves and help instil attitudes and behaviours expected at work⁸.
- ✓ HTS is a disability confident employer which means a commitment to recruiting, retaining and developing disabled people. Currently 10.5% of the workforce are identified as disabled well above the minimum statutory requirement threshold of 3%. This is a significant figure as nationally people with disabilities are often under-represented in the workforce, with disabled people 28.6% less likely to be in employment than non-disabled people⁹.
- ✓ HTS offers opportunities to those with mental health conditions and has provided 1 placement of 12 weeks - through Employability (Mental health NFP organisation) helping them build confidence, administration skills and their CV.

⁸ <https://www.tes.com/news/work-experience-it-really-worthwhile>

⁹ <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/disability/bulletins/disabilityandemploymentuk/2019>

- ✓ Providing 2 work placements of 16 weeks to young people to volunteer and train in plumbing, this led to both being offered apprentices at the Living Wage rate (£9.30 per hour).
- ✓ An additional 27 work experience placements of 1 week across the business were provided in 2019-2020.

Programme 3: (Partnership with Schools and Charities)

Partnerships with Schools and Charities bring numerous benefits. Research from the Careers and Enterprise Company states that early interventions can bring a lasting impact on children's development and perceptions of different occupations and of the subjects enabling access to them¹⁰.

HTS is an active in local schools and with Charities in the following ways:

- ✓ By providing staff as school governors and by involvement in the Crucial Crew project where HTS provided presentations on the environment to approximately 1000 primary school students over an 8-day period.
- ✓ Supporting 7 different charitable organisations or causes in the local community in a variety of ways. (Harlow Showcase, Harlow Carnival, Great Get Together, Great British Spring Clean, Harlow Playhouse, Brownie Sponsorship, St Clare Hospice).

Not only do these activities impact on the recipient organisations but also demonstrate to the community and other stakeholders that HTS is an ethical community focused business.

Being an ethical community focused business is important as increasingly employees, investors and other stakeholders are questioning the ethical credentials of business. Undertaking activities such as those mentioned above can in turn provide business benefits such as improved employee motivation and retention. For example, 62% of Millennials report wanting to work for a company which makes a positive impact¹¹

Programmes 4,5,6: (Staff wellbeing, living wage and upward upgrade of staff)

HTS are impacting positively on their workforce in the following ways:

- ✓ Internally promoting circa 15% (53) of staff into higher position/salaries over the period since 1st February 2017. Promotions can improve job satisfaction in the short term and can be an important element of improving wellbeing¹².
- ✓ The Local Government Pension Scheme with a 21.8% employer contribution is 7 times higher than auto enrolment requirements and 3-4 times higher than most company employer contributions.

¹⁰https://www.careersandenterprise.co.uk/sites/default/files/uploaded/1145_what_works_primary_v7_digital.pdf

¹¹ <https://www.theguardian.com/sustainable-business/2015/may/05/millennials-employment-employers-values-ethics-jobs>

¹² <https://whatworkswellbeing.org/resources/job-quality-and-wellbeing/>

- ✓ All staff now receive at least the Real Living Wage recommended wage which is voluntarily paid based on the cost of living of a basket of goods and services and what people need to get by.¹³
- ✓ HTS also runs a staff Health Check programme designed to identify health problems at an early stage so that additional support can be accessed if needed. This helps to identify health problems early or to provide peace of mind and reassurance that all is well.
- ✓ Staff wellbeing is underpinned by health and safety and HTS operates an internal award scheme to encourage and ensure the company fleet of over 200 vehicles is operated safely and considerately.

HTS has gained two Royal Society for the Prevention of Accidents (RoSPA) Gold Awards.

1. **Gold Award For health and safety performance** recognition and proof of HTS commitment to maintaining and improving health and safety standards. RoSPA gold award winners have achieved a very high level of performance, demonstrating well developed occupational health and safety management systems and culture, outstanding control of risk and very low levels of error, harm and loss.¹⁴
2. **Gold Fleet Safety Award** is recognition and proof of HTS commitment to demonstrating excellence in managing occupational road risk.

Finding a secure rewarding career is difficult and feeling your job is secure is both closely related to improved wellbeing along with positive relationships with colleagues and managers. The What Works Centre for Wellbeing reports that employment is one of the top three drivers of personal wellbeing with partner relationships and health particularly mental health¹⁵

In summary by providing internal promotions, offering staff health checks, provision of in-house training, providing secure terms and conditions including high health and safety standards. HTS is committed to many of the factors which determine good staff wellbeing.

Programme 7: Core work in improving the environment.

An attractive well-maintained environment is crucial to wellbeing¹⁶. HTS provides core services which impact significantly on how people feel and their life satisfaction. Grass cutting and landscaping, street and grounds and housing repairs all impact on how an individual feels. This is demonstrated in the HACT report *Valuing Housing and Local Environment Improvements*¹⁷. The report demonstrates that improvements such as removal of litter problems, resolutions of problems with mould, damp and condensation, rectification of floor, ceiling and door problems impact positively on

¹³<https://www.livingwage.org.uk/what-real-living-wage>

¹⁴ <https://www.rospace.com/Awards/Winners/2019/Gold-Awards>

¹⁵ <https://whatworkswellbeing.org/resources/job-quality-and-wellbeing/>

¹⁶ https://whatworkswellbeing.org/wp-content/uploads/2020/01/Places-spaces-people-wellbeing-May2018V2_0119660900.pdf

¹⁷<https://hact.org.uk/sites/default/files/uploads/Archives/2017/01/Valuing%20Housing%20and%20Local%20Environment%20Improvements%20-%20Jan%202017.pdf>

wellbeing. Diagram 2 illustrates how housing and environment impact on life satisfaction¹⁸.

Diagram 2: How Housing and Environmental factors improve life satisfaction

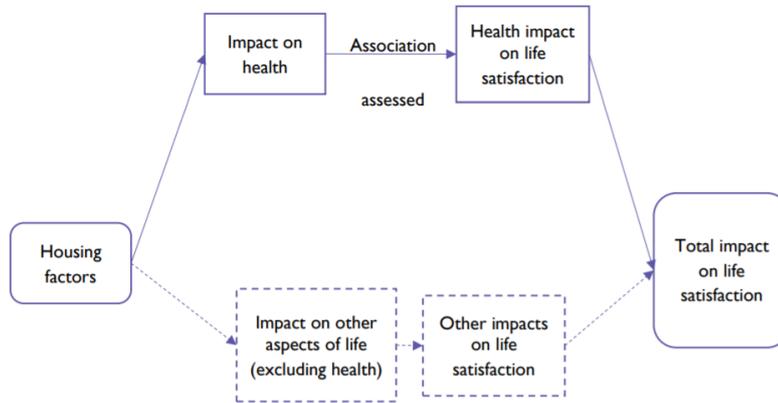


Diagram 2 demonstrates the importance of its core services in generating social impact in relation to improvements in health but also potentially in relation to lower energy bills for customers and affordable warmth. Recognition of these core services should in time become a standard part of the social impact reporting process.

It is widely accepted that Social, Economic and Environmental impact are inextricably linked¹⁹. Activities and actions which protect and harm the environment also impact on a whole variety of social and economic outcomes.

HTS states a commitment to minimising the impact of its activities on the environment. HTS publishes an environmental policy statement online ²⁰ and states a commitment to ‘respond to the social, economic and environmental expectations of our community, our customers and our stakeholders’.

HTS have received recognition of positive impact in this area by winning gold at the national Green Apple Awards (run by Investors in the Environment) for environmental best practice ²¹. The awards aim to improve environmental performance, encourage the efficient use of resources, enhance the competitiveness of organisations and support the wider goals of sustainable development, including social benefits through community and staff involvement.

¹⁸<https://www.hact.org.uk/sites/default/files/uploads/Archives/2017/01/Valuing%20Housing%20and%20Local%20Environment%20Improvements%20-%20Jan%202017.pdf>

¹⁹ <https://www.bitc.org.uk/blog/why-social-environmental-and-economic-sustainability-are-inextricably-linked/>

²⁰ <http://www.htsgroupltd.co.uk/wp-content/uploads/2018/06/Environmental-Policy-Statement-2018.pdf>

²¹ <https://thegreenorganisation.info/2019-winners-green-apple-awards-for-environmental-best-practice/>

Programme 8: Maximising the economic impact on the Harlow Community.

This report calculates a Local Economic Multiplier in section 3 below (Table C). This calculation is useful when demonstrating how HTS impacts economically locally. Being able to identify and improve the local economic contribution is a starting point to understanding how HTS connects to the emerging Community Wealth Building movement defined as:

A people-centred approach to local economic development. It reorganises local economies to be fairer. It stops wealth flowing out of our communities, towns and cities. Instead, it places control of this wealth into the hands of local people, communities, businesses and organisations²²

HTS as a locally authority owned company committed to public service values and ethics employs over 70% of its workforce resident in Harlow and supports 158 Harlow and wider Essex based business (out of a total of 366 suppliers) through the supply chain. As such more wealth is retained in the hands of local communities and stops wealth flowing out to surrounding areas. HTS was able to return a 'profit' of to the Council in 2019-2020 which is then able to be recycled to support local public services such as maintenance of parks, playgrounds, social care provision, or business support.

Full details and analysis found in LM3 section below.

Wellbeing valuation analysis

HTS have collected data on the activities delivered in 2019-2020 and recorded the resulting outputs and achievements in Table A. 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.

The analysis concentrates on 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 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. Seven different UKSVB outcomes were utilised in the analysis.

Points to note:

- It is a certainty there are some additional 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.

²² <https://cles.org.uk/what-is-community-wealth-building/>

- There are some activities as part of the programme that were delivered that do not have a corresponding value in the UKSVB. This does not necessarily mean that an activity (particularly in relation to fundraising and charitable support) did not create social impact but that it is not possible to assess it currently.
- 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	7	£13,060
Health Check programme based on likelihood of early diagnosis	Update report	Early diagnosis benefit	£n/a	60	£8722
Paringdon Youth Football Club (assumption that sponsorship results in 5 additional members who would not have normally attended)	Update report	Go to youth clubs or organised activities	£2300	5	£9980
Volunteering (Board members). HTS staff serve on 3 different organisation boards.	Update report	Regular volunteering	£3,249	5	£12,955
Work experience. HTS provide unpaid work experience with schools and offers to the wider community.	Update report	General training for job	£807	30	£16,510
Spring clean volunteering initiative	Update report	Regular volunteering	£3249	38	£98450
Staff training programme	Update report	Employment training	£1567	346	£445,548
Total					£596,503

35

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 below 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

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)
apprenticeships assumed on level 3	New Economy Manchester – Unit Cost Database	£20,352 (per organisation)	£1924.75	£1390	7	£43,555
Donations and time in supporting community organisations	Internal data	n/a	n/a	n/a		£58,000
Total						£101,555

conservative and prevent overclaiming. Additional value has been included based on the HTS calculation of the value of time and donations to community activities.

Table C: Local Multiplier 3 calculation 2019/20.

Spending Round	Amount
1 Organisation turnover	£25,901,955
2 Local supply chain spend	£10,029,132
3 Staff salary spend (estimated 50% local spend)	£5,827,675
LM3 Calculation	£41,758,762m/£25,901,955m=1.61

Based on estimates of 50% local spend for both HTS suppliers and staff an LM3 score of 1.61 has been calculated. This means for every £1 spent by HTS £1.61 is further generated in the local economy. Local economy in this context is defined as Harlow and wider Essex/Herts postcodes with 76% of total supply chain spend benefiting local Harlow/Essex/Herts Companies.

It is possible to interrogate the figures and provide much more accurate figures if an analysis was done of staff spend which would provide greater certainty to the figures produced. This further analysis is out of scope to this report.

To put the LM3 score into context a LM3 score of 1 is the lowest possible and 3 is the highest. A realistic upper limit would be 2.5 as there will always be some spend outside of the Borough. 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 social value illustrated in the table below.

Social Impact	Value	%
Wellbeing	£596,503	85%
The State and economy	£101,555	15%
Total	£698,058	100%

Key findings

Combined overall

- Most of the social impact reported is wellbeing created for the individual (85%) with the state and economy accruing (15%)
- There is a large contribution made by regular volunteering to wellbeing impact.

For individual wellbeing (Table A);

- An estimated 429 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)
- The highest value recorded per project was employment training for staff £445,548.

As a multiplier to the local economy (Table 3);

- A LM3 score of 1.61 has been calculated. For every £1 spent by HTS there is a multiplier in the local economy of £1.61. 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:

- There may be more observable outcomes related to the impact HTS staff have had in their roles as Board members. An analysis into how this supports the schools or charitable organisations benefiting would provide more social impact insights.
- 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 a social value calculation to be undertaken.
- HTS provides Harlow Council with a profit which helps the Council to maintain and improve local services. Further discussions with the Council on how this resource is recycled in the community would enable further social impact and local wealth building evidence to be evidenced and included in future reports.
- A recently agreed three-year funding programme with Paringdon Sports and Social Club worth £15,840 additional social benefits will be measurable in 2020/2021. This arrangement should be monitored in terms of future wellbeing impact.
- Due to the higher than average 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: Recommendations

These recommendations are made with the aim of HTS understanding better the creation of social value and to improve and manage social impact activities in the future.

Recommendation 1: Develop a social value measurement framework.

HACT believes that adopting a social value measurement framework is a crucial approach. The framework should be linked to Corporate aims and CSR Strategy, a theory of change model, be strongly informed by local community need, help to communicate social impact with stakeholders and link to national or international agendas.

Benefits of adopting a formal framework are improving outcomes for the community and staff, identification of what is working well, grow social awareness in the organisation, promote systematic data collection processes, plan activity and monitor outcomes.

Every metric adopted in the framework should help to improve outcomes, enrich decision making and influence stakeholders. When considered with local community socio-economic profiles and local authority priorities adopting a social value framework can demonstrate to all stakeholders' clear priorities, leadership, alignment with LATCO priorities and demonstrate robustly how progress is being made.

Recommendation 2: Collect data as you go (particularly in relation to core services.)

Although the data that has been collected has made this retrospective analysis possible, if data had been collected with clear social impact goals as part of a framework prior to this analysis a more accurate and meaningful report could be produced. Starting collecting data and inputs at the beginning of the year would enable quality and relevant evidence and inputs (e.g. pre and post surveys data, age, post code, when, length of time, type of intervention) 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 and support from HTS. This data collection exercise should include information about core service delivery.

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

It is recommended that HTS gradually builds up an understanding of 'what works' and use this when planning future social impact programmes. This will be achieved through understanding project inputs as well as outcomes and spending time evaluating what is working well. Adopting this approach 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: Develop an organised Harlow wide local community wealth building programme (building on the LM3 calculation).

Undertaking a full more detailed LM3 study will build on the estimated score produced of 1.61. This represents an improvement from 2018-2019 (LM3=1.55). In future HTS

could set a target and develop a local wealth building action plan to improve this ratio further.

This Harlow wide local wealth building programme could be investigated with the Council, NHS Trust, Housing Associations, Harlow College, HTS (Housing and Regeneration) Ltd and other place-based rooted in and with an interest in the Harlow community.

Recommendation 5: Establish or develop a social impact working group to oversee progress of social value measurement framework.

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 utilising a social value measurement framework (recommendation 1).

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. Board members and other stakeholders such as customers can also be asked to ask key impact questions to clarify thinking such as who is experiencing change, what change is experienced, how much change is attributable to HTS. ²³

Section 5: Summary and the future

This report demonstrates that HTS delivers a positive social impact results through its work in improving wellbeing, in the local economy and cost savings to the state. As a LATCO with a commitment to CSR programmes there is evidence that all HTS CSR activities are being progressed.

The report through contextual analysis and a breakdown of the wellbeing benefit, economic benefits to society provides an overview of how that social impact is being created.

Looking to the future, HTS operates in an ever-changing environment which is more uncertain with the Covid-19 pandemic. These impacts are currently being felt and increasing into 2020-2021. The pandemic 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 however organisations are increasingly thinking about social impact when awarding contracts and in their day to day activities.

The creation of the development company HTS (Housing and Regeneration) Ltd offers further opportunities social, economic and environmental value creation in several ways. This includes providing affordable housing for those in housing need or homeless, reducing overcrowding, economically boosting the local supply chain, by providing employment and training opportunities and improving life chances of tenants. As the company begins to develop it will be possible to demonstrate these additional social impacts for example in relation to overcrowding parts of Harlow are well over

²³ <http://www.socialvalueuk.org/ten-impact-questions/>

the England average as classified in the Index of Deprivation Household overcrowding indicator²⁴. Additionally, 109 households in 2018-19 were accepted as homeless and in priority need by the Council²⁵. HTS (Housing and Regeneration) Ltd will in time begin to address these issues.

Along with The Social Value Act 2012 which was a major driver in changing thinking around social value there will be additional pressures to ensure that communities most at risk of negative Covid-19 impacts are mitigated. These pressures may also be additionally impacted upon by the UK leaving the EU.

A robust social value programme underpinned by a measurement framework linked to community wealth building activities will become more important than it has ever been in 2020-21 and into the foreseeable future.

²⁴ Ministry of Housing Communities and Local Government (MHCLG)
(<https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>)

²⁵ https://england.shelter.org.uk/professional_resources/housing_databank/results?area_selection=J%2C22UJ&data_selection=A1&selected_min=1997&selected_max=2019

REPORT TO: SHAREHOLDER SUB COMMITTEE

DATE: 29 SEPTEMBER 2020

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 Action Plan
- B** The Sub Committee notes the BAU Action Plan progress to date and continues to monitor Covid-19 delayed actions

BACKGROUND

1. The Cabinet meeting of 17 September 2015 resolved that, subject to the change in service provider from JVCO to LATC, Cabinet would receive a report in 2020 to demonstrate that the LATC is achieving value for money and has incorporated the principles of best value into its operation, securing continuous improvement.
2. A Best Value Review was completed in October 2019 and on 5 December 2019 Cabinet resolved that the current contract with HTS (Property and Environment) Ltd be extended for the maximum five year period provided for subject to completion of four pre-contract requirements, which were all completed by August 2020, and the recommendations of the Best Value report be adopted as an action plan for the contract extension.
3. It was also resolved that the 'Business as Usual' activities arising from the Review would be monitored for their completion by the Shareholder Sub Committee.

CONTRACT EXTENSION ACTION PLAN

4. The Action Plan arising from recommendations made in the Best Value Review Outcomes report have been prioritised into a programme of short and long term projects, all to be completed at the commencement of the agreed extension period in March 2023. The projects identified for completion in August 2020 are complete, with those related to the company's strategic financial approach having been subsumed into the business as usual processes around updating the company's operational Business Plan.

5. Medium and long term activities are due for completion by December 2021 and February 2023 respectively, and work on the medium term projects has commenced. The medium term projects will address refinement of the services specification and performance measurements, ICT investment, and supply chain management and resilience (some of which is already complete).
6. The current status of the BAU Action Plan can be found at Appendix A. All actions have been met as per stated deadlines with the exception of the customer feedback work; this work commenced on schedule and a number of visits to work with other LATCs and similar organisations were planned to achieve benchmarking and peer review exercises to inform changes to the customer service metrics and enhancement of customer access . These were not able to be completed once the COVID-19 pandemic took hold and given the refocusing of Council and HTS' efforts on response and recovery, and similar responsibilities of peer organisations involved, HTS (Property and Environment) Ltd, in agreement with Client teams at HDC, have put this work on hold for 6-12 months. Future progress of work in this area will continue to be monitored by the Shareholder under the Cabinet decision regarding the BAU Action Plan.

IMPLICATIONS

Environment and Planning (Includes Sustainability)

As set out in the report.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT)

None specific.

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

Housing

As contained 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 set out in the report.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – BAU Action Plan (dated 10 September 2020)

Background Papers

None.

Glossary of terms/abbreviations used

BAU - Business as Usual

LATC - Local Authority Trading Company

Best Value Review into HTS (Property and Environment) Ltd

Business as Usual Action Plan (Update July 2020)

This appendix includes the Business as Usual Action plan dated 15 November 2019, this is a live document and therefore what is included here is subject to change as actions are progressed and completed.

Best Value Review into HTS (Property and Environment) Ltd

Recommendations to refer to Shared Operational Performance meetings as Business as Usual:

BVR Ref	Action	Deadline	Owner	Current Position (July 2020)	Evidence Provided
1	Address reporting of costs to allow comparisons between base operational costs and 2017 business model.	30-Jan-20	Alex Morris	Complete. Confirmation provided by SF on 13/07/2020	Email from SF
1	Update ASC to include changes arising from assumptions in the business plan prior to the new financial year (2020/21)	01-Jan-20	Alex Morris	Complete. Only change is to indexation which was agreed with CN 26. ASC now agreed for 2020/21	Change Notice 26
46 2	Jointly review the Business case mechanism for award of capital and planned works; any changes to retain the focus of Value for Money but also allow for quicker completion of the process, and associated management processes once awarded.	30-Jan-20	Neil Rowland	Meeting arranged for 19 June 2020 with Dean James, Bob Purton and Tina Mcdermott.	Confirmation emails from BP, TM and DJ
3	Seek support and advice to determine what procurement frameworks they could create and or access now to assist in delivering services.	01-Jan-20	Neil Rowland	Complete.	Update and progress provided by email to BT on 19 May 20
3	Update procurement procedures to reflect MSA, GDPR, ethics and transparency code requirements.	01-Jan-20	Neil Rowland	Complete	Revised Policy in place

BVR Ref	Action	Deadline	Owner	Current Position (July 2020)	Evidence Provided
4	Should house building pilot not be successful Business Plan will need to be re-cast under business as usual operations to take into account the effect of this and forecasts and investment proposals amended accordingly.	01-Jan-21	Neil Rowland	Complete	The outcome of the housing building pilot is unknown - awaiting feedback from HDC. In the meantime, HTS new Business Plan will be recast under the BAU operations to take account of the effect the above and the forecasts and business proposals amended accordingly.'
47	<p>Inclusion of initiatives contained within the future innovation narrative as part of the standard agenda for client team meetings. Immediate projects for furtherance should include:</p> <ul style="list-style-type: none"> • new fleet/plant to improve the service concerning street lighting repairs • Drainage tanker renewal • GIS investment 	01-Jan-20	Client leads/Neil Rowland	Complete.	Action to be part of SOPM agenda - item 10 (BV Review update)
7	When projects are identified for progression update Business Plan to include those outside the contemplation of the Current Plan as and when identified for definite delivery, the Board/Shareholder should be consulted, and approval sought for decisions on initiatives/projects as per the limits set out in the Scheme of Delegation.	Process implemented	John Phillips	Complete	Is there any evidence to demonstrate the implementation?
10	Develop additional guidance and agree on when the change notice process should apply to remove the adhoc use of the process currently.	01-Dec-19	Neil Rowland/Bev	Complete	Revised guidance provided to members of SOPM 6 th May 2020
10	Revise and update process for managing escalations. Next SMT/SMB.	Complete	John Phillips/Simon Hill	Complete	Email sent to SH and JP requesting update 19.05.20. Simon Hill preparing response.

BVR Ref	Action	Deadline	Owner	Current Position (July 2020)	Evidence Provided
10	Develop process for managing contract variations.	01-Dec-19	Neil Rowland/Bev	Agreed and Complete	Guidance provided to members of SOPM 6 th May 2020
48 11	Review, update and publish all contractual statutory and regulatory policies.	01-Dec-19	Stella Dunlop	This work is in progress but will take some time as over 50 policies have to be reviewed	The 'Tracker' to be used to illustrate HTS progress to date. The 'Tracker' will include the dates of the review, update and publication; and will be presented to (and monitored by) the Shared Operational Performance Meetings.

BVR Ref	Action	Deadline	Owner	Current Position (July 2020)	Evidence Provided
11	Identify review & completion dates for all non-statutory/regulatory policies.	01-Jan-20	Stella Dunlop	This work is in progress but will take some time as over 50 policies have to be reviewed	The 'Tracker' to be used to illustrate HTS progress to date. The 'Tracker' will include the dates of the review, update and publication; and will be presented to (and monitored by) the Shared Operational Performance Meetings.
11	Submit draft Criminal Finance Act 2018 policy for SMT sign off	30-Nov-19	Alex Morris	Complete. Signed off. Document on website	https://www.htsgroupltd.co.uk/criminal-finances-act-policy/
49 12	Continue work on new housing maintenance system via Customer Access Strategy work.	01-Dec-19	Steve Ward	Complete	HTS will work with HDC IT department to ensure that the new housing maintenance system goes live when it is ready. What remains to be done sits HDC Housing Team
12	Publish HACT Social Value score on website.	Complete	Tim Page	Complete – link to page on website	https://www.htsgroupltd.co.uk/company/social-responsibility/
14	Complete the legal formalities for the ICT SLA	01-Jan -20	Neil Rowland	Complete. Document sent to Julie Galvin on 19.05.20	Copy of document provided to BT
14	Strategic Governance 2018/19 Audit to be shared with SSC meeting	Complete	HDC		
14	Revised governance arrangements to provide JPRM function to be formalised and any related contractual changes made accordingly.	Complete	HDC/SMB	Complete	Email sent to SH and JP requesting update 19.05.20. Simon Hill preparing response.

BVR Ref	Action	Deadline	Owner	Current Position (July 2020)	Evidence Provided
14	Implement single improvement plan to collate the reviews of HTS services following final outcomes of BV review, and picking up existing outstanding reviews to be monitored at SOP meetings	01-Jan -20	Neil Rowland/Bev Thomas	Complete. Single tracker document to be set up to ensure the final outcomes of BV Review are captured and monitored.	Improvement Plan to be incorporated into item 10 of the SOPM agenda
15	Implement process to ask end users on Environment SIT for satisfaction levels.	01-Dec-19	Shakeel Khan	Complete	Agreed with John Grundy
15	Submit Environment satisfaction stats e.g. Essex County Resident Survey to SOP	30-Nov-19	Shakeel Khan	Complete.	Report submitted to SOPM on 21 st November 2019
15	Ensure Customer Access Action plan (enhancing customer access and communications) is fully implemented.	01-Jan-20	Steve Ward	WM says extended working day still needs to be implemented. Revisit in December 2020	Jointly agreed to put on hold 6 months
50 15	Obtain customer satisfaction via link on HTS (Property and Environment) Ltd /HDC websites for grass cutting and tree works.	01-Mar-20	Shakeel Khan	Complete. Satisfaction survey link on website. Awaiting initial results	https://www.htsgroupltd.co.uk/
15	Jointly explore what other organisations do to obtain customer feedback on repair quality (customer sign off) and customer reviews at time of repair and on the ways, they save money.	01-Jan-20	Shakeel Khan/James Fulcher	Revisit in June 2021.	Jointly agreed to put on hold 1 year
15	Jointly arrange visits to other Customer Service Centres to benchmark and obtain best practice around consistency of service and diagnostics	01-Jan-20	Steve Ward/James Fulcher	Revisit in June 2021	Jointly agreed to put on hold 1 year

BVR Ref	Action	Deadline	Owner	Current Position (July 2020)	Evidence Provided
15	Ensure achievement of aim to reduce complaints escalations to a downward trend by Q3 2019/20.	01-Jan-20	John Phillips / Shakeel Khan	Complete.	Report submitted at presented at SOPM on 28 Jan 2020
15	Investigate causes of high levels of dumped rubbish and whether additional actions could be introduced to reduce this issue within the town.	01-Dec-19	Mick Jenkins/Client leads	Complete	Report published on 2 June 2020 and to SOPM in June 2020

REPORT TO: SHAREHOLDER SUB COMMITTEE

DATE: 29 SEPTEMBER 2020

TITLE: RESPONSIVE REPAIRS AND CUSTOMER ACCESS REVIEW

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

CONTRIBUTING OFFICER: DARYL CLUCAS, ASSISTANT OPERATIONS
MANAGER – BUSINESS SUPPORT
(01279) 446316

RECOMMENDED that:

A The Sub Committee notes the progress in the report.

BACKGROUND

1. At the Sub Committee meeting in October 2018, there was a request by members for the Council to implement a facility to report repairs online.
2. This report sets out the progress with the above, as well as other changes that are proposed for enhancing customer access to the Council's responsive repairs service. This includes, enhanced repair tracking processes, appointments/treatment of planned repairs priorities, and the provision of a SMS text message appointment reminder service.

ISSUES/PROPOSALS

3. The recent 'Landlord Survey' completed in 2018, identified the need for the Housing Service to enhance the way it interacts with its customers. Almost 70 per cent of respondents stated that their last contact with the Council was regarding a repair, with 30 per cent of the respondents stating that they would prefer to interact with the Housing Service through an electronic method of communication such as the internet.
4. The new Online Customer Repairs Portal went live on 30 August 2020. This will provide access to a range of housing services regarding their property and tenancy.
5. In addition to online repairs, the portal allows customers access to their rent accounts, access to their leasehold accounts and to update their personal/contact details with the ability to send messages directly. This will allow enhanced visibility of information, easier access to Council services, and will

generate ongoing efficiencies for the Council, allowing resources to be utilised more effectively.

6. The introduction of the Customer Portal will reduce the number of manual transactions being processed by the Council, speeding up these types of requests by reducing the amount of data entry required by Council Officers. The new associated business processes being created to deal with the contact from customers will allow more effective responses to customer enquiries as part of the Council's wider Customer Access Strategy to move away from face to face enquiries and telephone contact.
7. Customers will have the ability to request repair time slots on line which best meet their needs for their own personal circumstances, as well allow HTS (Property and Environment) Ltd (HTS) to better plan around the demands of the customer communication and notifications. It is expected for HTS efficiencies to be realized both in repairs communications and contact with the customer with the repair centre having information available on line when required.
8. The new online repairs portal will align to the Council's Customer Services and Access Strategy and will be reviewed on a regular basis. The Council can now evaluate the options for implementing additional functions into the portal, including online housing and garage applications, Choice Based Lettings, reporting anti-social behaviour and other estate management functions.
9. At present there are 128 registrations to the portal and the current breakdown of registrations is as follows:

Application Status	Total	Comment
Verified	50	Registration complete
Person Matched	20	Waiting on applicant to apply code
New Registrations	9	Awaiting internal validations
Declined	49	Applicant advised to make contact

a) Of the 50 complete registrations we have had 9 repair requests that have been completed via the portal.

b) The above is despite no real advertising of the customer portal to date.

10. The Council is considering capturing advertisement of the customer portal to all tenants and leaseholders through the quarterly statements due in October 2020.

Appointments/Planned Repairs

11. HTS currently reports the number of appointments made and kept and this. Performance reports indicate there has been a slowdown in enquiries and complaints during the first quarter of 2020/21. Trend analysis indicates however, this is increasing as the Covid-19 lockdown is eased. Recurring themes still indicate repairs complaints and enquiries listing inconsistent levels of communications between HTS and customers.

12. The landlord survey, however, in 2018 highlights the biggest source of dissatisfaction with the Council is related to the repairs service communications. The Council has reaffirmed the requirement for the long term replacement of the “Planned Works” priority in its current form.
13. In 2019/20, HTS have reduced the repairs timescale for planned words from 12 months to nine months, with an aspiration to reduce this timescale further where achievable. In addition, day to day repair appointment slots have been changed from two hour slots to four hour slots in order to improve productivity. The Covid-19 pandemic has stalled progress, and HTS are establishing a “Recovery Plan” for all its activities, which primary focus is on reducing backlogs, and establishing new working arrangements.
14. As part of these changes, HTS has agreed to investigate further enhancements to improve their productivity and deliver better customer outcomes by extending their working hours for urgent/standard repairs, as well as offering weekend working for certain trades. In addition, HTS are developing a feasibility study for providing more flexibility when offering an appointment slot for planned works at the point where the is first reported, with the ambition to provide an appointment date/time when a repair categorized as needing to be planned is first reported, keeping the customer informed. Progress will be kept under review and aligned to priorities from the Best Value review, reporting progress back to the Sub Committee meeting.

SMS Text Messaging

15. HTS introduced the ability to send an SMS (text message) reminder of an upcoming repairs appointment. This allows for enhanced customer information to be provided, with the aim being to reduce the number of failed appointments due to “no access”. The introduction of SMS reminders also has the potential to reduce the number of paper letters being sent to customers to confirm repairs appointments when repairs are raised.
16. This function has gone live in 2019.

Next Steps

17. There are a number of areas where improvements can be made to the information available to the Council about the status of a repair and specific work carried out to the property. There are IT system interfaces available that share this information automatically between the IT systems in use at both the Council and HTS. These interfaces will continue to be enhanced to provide further transparency about the type/cost of repair undertaken. The ambition is to increase the number of events being passed between IT systems which will enable the Council to provide customers with much more information about repairs they have reported to HTS, rather than re-directing the customer to the repairs contact centre.

IMPLICATIONS

Environment and Planning (Includes Sustainability)

None specific

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT, and Property and Facilities)

As contained within the report.

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

Housing

As contained within the report.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

As contained within the report.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

As contained within the report.

Author: Simon Hill, Head of Governance

Appendices

None.

Background Papers

None.

Glossary of terms/abbreviations used

HTS – HTS (Property and Environment) Ltd

REPORT TO: SHAREHOLDER SUB COMMITTEE

DATE: 29 SEPTEMBER 2020

TITLE: PROPOSALS FOR THE CONTINUING APPOINTMENT OF HTS GROUP LTD MANAGING DIRECTOR

LEAD OFFICER: BRIAN KEANE, CHIEF EXECUTIVE
(01279) 446004

RECOMMENDED that the Sub Committee ratifies:

- A** The decision of HTS Group Board to appoint the Managing Director of HTS (Property and Environment) Ltd and HTS (Housing and Regeneration) Ltd to the role of Managing Director HTS Group Ltd.
- B** That the term of this appointment is to be extended until 31 January 2027 based upon no changes to the Terms and Conditions of employment or current remuneration.

BACKGROUND

1. The initial contract period for HTS (Property and Environment) Ltd (HTS (P and E)) runs for 5 years and concludes on 31 January 2022. A formal best value review of the contract extended the term for a further five years until 31 January 2027. HTS (Housing and Regeneration) Ltd (HTS (H and R) Ltd) was included as an additional subsidiary company within the Group structure in June 2020.
2. The role of the existing Managing Director of HTS (P and E) and HTS (H and R) has been key in moving the business across from the previous third party arrangements into what the companies represent now. The Managing Director of HTS (P and E) and HTS (H and R) has indicated their willingness to take up the role of Managing Director HTS Group Ltd to ensure the Group is well placed to deliver the further five years of success delivered by HTS (P and E) and to deliver the objectives of HTS (H and R), along with any further subsidiary companies that may be formed in the period.

ISSUES/PROPOSALS

3. The Board did have choices and could if they wished, allow the contract of the Managing Director of HTS (P and E) to conclude in January 2022 and look to recruit to the role. This will though be undertaken at a time when continuity and historical knowledge will be essential factors in ensuring that the extended contract for HTS (P and E) continues to be successfully delivered and a smooth transition into the new phase of the organisation by the addition of HTS (H and

R) and any other subsidiary companies is achieved thus avoiding significant additional costs being incurred to recruit key people at this level.

4. The Managing Director's remuneration arrangements are built into their current contract. The current post holder has indicated that they are content for this arrangement to remain unchanged, with no changes to the Terms and Conditions of employment or current remuneration, should the revised additional responsibilities and contract extension to 31 January 2027 be offered.

IMPLICATIONS

Environment and Planning (Includes Sustainability)

None specific.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT, and Property and Facilities)

None specific

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

Housing

None specific.

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)

To comply with the Company's Scheme of Delegation the decision of the Board in such matters relating to contract variations of senior Board posts, is subject to ratification by the Shareholder.

Author: Simon Hill, Head of Governance

Appendices

None.

Background Papers

None.

Glossary of terms/abbreviations used

HTS (H and R) – HTS (Housing and Regeneration) Ltd

HTS (P and E) – HTS (Property and Environment) Ltd

REPORT TO: CABINET

DATE: 10 SEPTEMBER 2020

TITLE: REPORT OF THE COVID-19 RECOVERY WORKING GROUP

PORTFOLIO HOLDER: COUNCILLOR EUGENIE HARVEY, DEPUTY LEADER AND PORTFOLIO HOLDER FOR RESILIENCE AND RECOVERY

LEAD OFFICER: BRIAN KEANE, CHIEF EXECUTIVE (01279) 446004

This is not a Key Decision
It is on the Forward Plan as Decision Number I011722
Call-In Procedures may apply
This decision will affect no ward specifically

RECOMMENDED that Cabinet:

- A** Approves the Covid-19 Recovery Working Group's final Terms of Reference (attached as Appendix A to the report).
- B** Agrees the Vision Statement and Corporate Themes, and Action Plan (attached as appendices B and C to the report).
- C** Recommends to Full Council that a further Corporate Priority of 'Resilience and Recovery' is introduced into an amended Corporate Plan with the associated Action Plan.

REASON FOR DECISION

- A** The Council has taken steps to respond, and begin the process of social and economic recovery of Harlow as the country continues to deal the Covid-19 pandemic. It has established a Working Group to work with Officers on a recovery action plan. This report brings forward proposals for the action plan.
- B** The report also recommends the adoption of the terms of reference for the Working Group and a vision of the recovery of Harlow.

BACKGROUND

1. The Working Group has met on three occasions since the last Cabinet meeting. Since that meeting the Portfolio Holder and Officers have continued to take actions on recovery within the four agreed workstreams. An update on those

actions was provided at the Working Group meeting on 5 August and is included as Appendix D to this report. This details the focus of the groups and a number of immediate measures that workstreams have implemented.

ISSUES/PROPOSALS

Terms of Reference

2. At its second meeting on 5 August, the Working Group considered and approved its terms of reference (attached as Appendix A to the report). They set out the overview of the ongoing recovery action plan and the proposed focus of:
 - a) Developing greater community resilience;
 - b) Educating the public about health risks and working to mitigate future outbreaks; and
 - c) Advancing the post-COVID local economy.

Vision Statement

3. The Working Group, at its meeting on 25 August, agreed the Vision Statement and Corporate Themes (attached as Appendix B to the report) which are brought to this meeting for approval. The proposed Vision is as follows:
 - a) “To harness the positive aspects of the community response to the Covid-19 crisis and address the negative outcomes such that the Harlow that emerges - its residents, businesses and voluntary groups – is stronger, more resilient and poised to take full strategic advantage of the opportunities for growth and renewal.”
4. The Vision Statement is supported by the themes for recovery “promoting within everything that it does for the recovery of the town, the strategic priorities of its Corporate Plan”. This includes a new Strategic Priority: Recovery and Resilience which will require Full Council approval supported by the proposed Action Plan. The themes also include objectives for each of the workstreams which inform the actions within the Action Plan. Further work will be done to develop community communication messaging from the vision document.

Action Plan

5. The Working Group has also considered an Action Plan (attached as Appendix C to the report) to support the achievement of recovery. The Action Plan is split into actions for each of the four workstreams. This document will form the starting point for work through the workstreams, but will be a dynamic plan, kept under review by the Working Group, which will need to develop longer term sustainable actions informed by ongoing work..

6. All four documents form a central part of the Council's strategic framework in leading Harlow's recovery from the Covid-19 pandemic
7. It is recommended that the final terms of reference, Vision Statement and Corporate Themes and draft Action Plan are approved. A suggested amendment to the Corporate Plan is recommended to Full Council for approval. The actions attributed to that additional priority will be those contained within the recovery plan.

IMPLICATIONS

Environment and Planning (Includes Sustainability)

As set out in the reports to the working group

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT, and Property and Facilities)

As set out in the reports to the working group

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

Housing

As set out in the reports to the working group

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

As set out in the reports to the working group

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

As set out in the reports to the working group, change to the Corporate Plan fall within the Policy Framework and are a matter for the Council to approve.

Author: Simon Hill, Head of Governance

Background Papers

Those included within reports to the Working Group

<http://moderngov.harlow.gov.uk/mgCommitteeDetails.aspx?ID=299>

Appendices

Appendix A – Terms of Reference for the Working Group

Appendix B – Vision and Themes for recovery

Appendix C – Current Action Plan for recovery

Appendix D – Update Circulated by the Chair of the Working Group on 23 July 2020 on Workstream Activities and Immediate Actions

Covid-19 Recovery Working Group

Terms of Reference

- (i) To advise the Portfolio Holder on the proposals contained within the developing pandemic action plan including short, medium and long term objectives and measures taking into account the changing landscape.
- (ii) To provide a forum for consultation on measures and strategy within the pandemic action plan
- (iii) To advise and comment on work with regional health officials to prepare for and mitigate any further outbreak or second wave of infection in Harlow;
- (iv) To identify Council-related impacts that may require additional resources or service delivery methods; and
- (v) To provide a focus for:

Developing greater community resilience

- community action, cohesion, and greater resilience.
- supporting the recovery of BAME communities, clinically extremely vulnerable and other marginalised groups
- engagement with the voluntary sector and faith-based communities

Educating the public about health risks and working to mitigate future outbreaks

- preparation and planning to ensure, with other public sector agencies, that in the face of future outbreaks or emergencies, all residents are given the best possible health protection and outcomes, particularly those at risk of health inequalities.
- community education on the on-going public health risk and to mitigate future outbreaks

Advancing the post-COVID local economy

- proposals for new ways of working
- business engagement
- innovative ways of growing the local economy

- (vi) To harness data and monitor recovery performance to ensure that services delivered post COVID, meet the changing needs of residents and businesses.

Vision for the Recovery of Harlow

“To harness the positive aspects of the community response to the Covid-19 crisis and address the negative outcomes such that the Harlow that emerges - its residents, businesses and voluntary groups – is stronger, more resilient and poised to take full strategic advantage of the opportunities for growth and renewal.”

We will achieve this by:

Corporate Themes

Promoting within everything that it does for the recovery of the town, the strategic priorities of its Corporate Plan:

- Recovery and Resilience (NEW – subject to Council approval)
- More and Better Housing
- Regeneration and a Thriving Economy
- Wellbeing and Social Inclusion
- A Clean and Green Environment
- Successful Children and Young People

Acknowledging the role that the Working Group will have in promoting a plan for recovery.

Managing and recording Harlow Council's recovery response to the COVID-19 pandemic to meet its priorities as a community leader, and fulfil the requirements as a local authority under the Civil Contingencies Act 2004 to "take the lead in facilitating the rehabilitation of the community and the restoration of the environment."

Seeking to remove the barriers that keep people beyond the reach of employment, services, jobs and other socio-economic recovery measures and opportunities.

Maximising the opportunities for innovative ways of future working across the Council and with partners, its own LATCO and other stakeholders (such as the voluntary sector) to the benefit of the local community and business sector.

Preparation and planning to ensure, with other public sector agencies, that in the face of future outbreaks or emergencies, all residents are given the best possible health protection and outcomes, particularly those at risk of health inequalities.

Securing the best possible regeneration and infrastructure improvement outcomes for the town across the wider HGGT area in the context that they promote residents' health and wellbeing and economic recovery.

Harnessing data and monitoring performance to ensure that services delivered post COVID-19, meet the changing needs of residents and businesses.

Ensuring the community is kept informed about Council's and other related bodies' actions to keep them safe and prioritise their well-being as we adjust to a new and uncertain reality and seek to build individual and collective resilience.

Workstream Themes

Community Impact:

1. To ensure the physical, mental, and socio-economic wellbeing of all residents of Harlow is recovered to pre-pandemic levels or above through analysis of the impact of COVID-19 on the community by undertaking data analysis; initiating meaningful dialogue with community, voluntary sector, faith and cultural organisations and utilising feedback from the Council's frontline services.
2. To maintain a robust and thriving community and voluntary sector by maximising promotion and take-up of Government initiatives to support the sector and community; facilitating meaningful engagement and partnership working and supporting the development of new initiatives to meet needs identified through COVID-19 community impact assessment

Business & Economy Workstream,

1. Increase the opportunities for advice, information, incentives and financial support to Harlow businesses, equipping them with the tools to prosper through the recovery phase.
2. Create and deliver a programme of active promotion of the Harlow economy to maximise opportunities for local businesses, to encourage business-to-business and local supply chain activity and to maximise the impact of the "Harlow pound"
3. Ensure young people in Harlow have access to information, advice, and opportunities for work and/or training to prevent a large cohort of young people emerging in Harlow without meaningful activity.
4. Securing partnerships with bodies and educational institutions to create a joined-up plan to promote the need for local employment opportunities, particularly for young people aged 18-24.
5. To actively look for examples of new ways of working and new business opportunities and to innovate them in Harlow.

Council Internal Services Workstream

1. To plan for the new 'normal' and any changes and/or challenges this may present to the Council's operating model and structures.
2. To ensure the continuation and where necessary the restoration of service provision to Harlow residents and businesses.
3. To work with all government guidance to ensure that strategic objectives are compliant and Covid safe.
4. Harnessing data and monitoring performance to ensure that services delivered post COVID-19, meet the changing needs of residents and businesses.

HTS Group Workstream

1. To improve 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.
2. To reassess HTS community impact by its social value programme and reporting.

3. To monitor HTS environmental impact through its landscape programmes and policies reviews.
4. To create opportunities through the HTS Group business and commercial growth plans, particularly in the area of apprenticeships, training and employment for young people.
5. To show leadership within the local business community with regards to creating local opportunities for local people.

Workstream: Community Impact		Lead Officers: Jane Greer Deputy Lead Officer: Andrew Bramidge			
<p>Objectives / Areas of Work: 1. To ensure the physical, mental, and socio-economic wellbeing of all residents of Harlow is recovered to pre-pandemic levels or above through analysis of the impact of COVID-19 on the community by undertaking data analysis; initiating meaningful dialogue with community, voluntary sector, faith and cultural organisations and utilising feedback from the Council's frontline services.</p> <p>2. To maintain a robust and thriving community and voluntary sector by maximising promotion and take-up of Government initiatives to support the sector and community; facilitating meaningful engagement and partnership working and supporting the development of new initiatives to meet needs identified through COVID-19 community impact assessment</p>					
Number:	Area of Focus	Identified Programmes / Projects / Schemes	What Can be Delivered? Or desired end state?	Comments: Resources required or constraining factors e.g. Influence only, requires work by other authorities	Likely Target Timescales
COM1	To ensure the physical, mental and socio-economic wellbeing of all residents of Harlow is recovered to pre-pandemic levels or above through analysis of the impact of Covid-19 on the community by undertaking data analysis; initiating meaningful dialogue with community. voluntary sector, faith and cultural organisations and utilising feedback from the Council's front line services.	Identify data that can be collated from Harlow Council front line services, social media, website, Policy and Performance Team and Essex County Councils analytics team, and the Clinical Commissioning Group	Up to date information from as many sectors of the community and government and other data sources that are available for analysis and use to ensure we understand the impact of Covid 19.	Officer time . Essex County Council input required. Potentially new system to capture all of this information.	Sep-20
COM2		Reinstate full tenancy support and supported housing services with the re-opening of communal areas within sheltered housing schemes enabling reduction of social isolation and inappropriate hospital admission	Reduced social isolation. Less hospital admissions, less call on support from Adult Social Care.	Government guidance Staff time. Additional cost of increased cleaning regime	Oct-20
COM3		Work with partners to support transition of placements under covid 19 from temporary accommodation to more settled accommodation	Successful rehousing of covid 19 homeless clients into more settled accommodation to prevent rough sleeping	Availability of suitable and affordable accommodation may be a constraint. Grant funding. On the engagement of client for support	Nov-20

COM4		Develop innovative solutions to help people to access Harlow's culture and heritage sectors virtually. Identify cultural venues, services and other leisure activities that have been adversely affected by loss of income from Covid 19	Culture and Arts summer school to assist children who have missed learning opportunities whilst schools are closed. Undertake audience survey to identify peoples concerns re Covid 19 and attending events. Look at digital and virtual solutions to enable access to relevant services, i.e. virtual access by residents, schools and other groups etc.	Funding from Carnival budget 2020 diverted to summer school activities staff time. Additional funding for potential solutions may be required	Mar-21
COM5		Provide School readiness activities on line to help ensure children starting school in September 2020 have the skills to be ready to learn and achieve.	Online activities delivered to young people and their carers	Staff time.	Aug-20
COM6		Promote debt management and financial advice services and keep under review and government initiatives and guidance.	Review Council Debt recovery processes. Maximise residents' access to relevant benefits. Assist residents to access financial support services and local initiatives	Partnership working. Assess whether Harlow Council, government agencies and the community and voluntary sector have the capability and resources to respond.	Sep-20
COM7		Promote Better Health campaign and Mental Health and Wellbeing advice. Support public health campaigns to minimise covid 19 health impacts, ensuring the needs of volunteers are considered as well as other sections of the community	Better and improved physical and mental health, therefore be better prepared to deal with Covid 19 if affected current or in the future, for residents and volunteers	staff time. campaign costs.	October 20 and ongoing

COM8	Maintain a robust and thriving community and voluntary sector by maximising promotion and take up of Government initiatives to support the sector and community; facilitating meaningful engagement and partnership working and supporting the development of new initiatives to meet needs identified through Covid 19 community impact assessment.	Work with the CVS and other partners to identify specific third sector recovery support needs and priorities to establish a multi agent forum to address local needs through community impact assessment	Survey of third sector support needs undertaken, Understanding of how Harlow communities have been disproportionately affected (possible survey and well as focus groups)	Staff time	Aug-20
COM9		Undertake a community impact assessment to assess any disproportionate effects of Covid 19 on disadvantaged groups and communities, for example BAME and disabled people.	Support local community, faith and voluntary groups to identify and maintain support for the most vulnerable people impacted by Covid 19. Work with mental health organisations to provide targeted support to BAME and disabled people impacted by Covid 19	Partnership working with other agencies, voluntary and charity sector. Some financial resource may be required.	October 20 and ongoing
COM10		Support the work of charitable and other organisations to tackle the impact of Domestic Abuse that has been heightened during the lockdown period	To identify the level of domestic abuse in Harlow and any increases due to Covid 19, and work with partners to address any shortfalls in service provision or support for victims	Staff time willingness of agencies to work together Potential financial support required	Mar-21
COM11		Work with Mental Health organisations to provide targeted support to BAME and disabled young people impacted by Covid 19.	Identification of sections of the community that have been adversely affected by the effects of Covid 19.	Staff time Possible communications costs, i.e. leaflets etc	Mar-21
COM12		Engage with local organisations that have existing links to BAME communities and local disability groups to ensure the Council's approach to community recovery takes into account the diversity of the town.	Set up a regular community forum to enable regular engagement and feedback from BAME communities and local disability groups Five point Government guidance to BAME communities followed.	Zoom facility. Ensure suitable access arrangements for community groups, i.e. access to IT.	03/09/2020 then ongoing

Workstream: Business & Economy	Lead Officer: Andrew Bramidge	Deputy Lead Officer: Jane Greer
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Objectives / Areas of Work: 1. Collating data to identify the impact of Covid-19 on the local economy and establishing a baseline to enable us to monitor progress throughout the recovery phase.
2. Increase the opportunities for advice, information and financial support to local businesses, working with local business support agencies.
3. Development of a programme to actively promote Harlow businesses to maximise the potential of the 'Harlow Pound'.
4. Creation of a local partnership to maximise the take up of apprenticeship and job placement programmes with the Council playing a leadership role.
5. Ensure young people in Harlow have access to information, advice and opportunities for work and/or training.
6. Identify ways in which existing Council service delivery can be utilised to support Covid recovery measures in the local economy.
7. Supporting communications to local businesses to assist in the prevention of a second wave of infections.

Number:	Area of Focus	Identified Programmes / Projects / Schemes	What Can be Delivered? Or desired end state?	Comments: Resources required or constraining factors e.g. Influence only, requires work by other authorities	Likely Target Timescales
BE1	Prevention of second wave of infection	Prepare protocols (and implement when needed) for communicating actions on increasing infections	Communications issued when required resulting in behaviour change	Environmental Health, Comms, Essex Resilience Forum	Ongoing
BE2	Collation of data	Identify what data can be collated within the Council's Policy and Performance team	List of data available for monthly collation	Input from Policy & Performance	End of August
		Identify what data can be supplied by Essex County Council	List of data available for monthly collation	Input from ECC	End of August
		Regular liaison with major employers in Harlow to gather intelligence	Regular views of local business on the impact of Covid	Resourced through Regeneration team	September
		Undertake regular business surveys	Regular views of local business on the impact of Covid	Identify if this can be done in-house or needs external commission	End of September

BE3	Business information, advice & support	Maximise the provision of Government grant support to Harlow businesses	Full utilisation of Government funds	Delivery through Revs & Bens team	August
		Develop social media platform to connect with local businesses	Ensure two way connections with local business community	Regen and Comms teams to lead	September - commence
		Work with Harlow Chamber of Commerce to increase information to businesses	Initial online workshop followed by ongoing joint Council -Chamber programme	Avalability of resources in Regen team and at Harlow Chamber. Involvement of NWES.	September
		Ensure all Council commercial tenants have full access to Covid information	Regular flow of information	Joint working between Property & Facilities and Revs & Bens	Ongoing
		Signpost Harlow businesses to NHS 'Working Well' programme	Referrals from Harlow into the Essex Covid Recovery programme	Environmental Health & Regen teams	Ongoing
		Explore potential for utilising empty town centre retail unit to be used as a temporary business advice centre	Determine the feasibility and potential location	Work with Water Gardens and Harvey Centre management	September
BE4	Promotion of Harlow businesses	Identify what more can be done to prioritise local businesses in the council's procurement	More local companies being given the opportunity to compete for Council business	Need to ensure compliance with procurement policy. May necessitate some changes to procurement practice across service areas.	September
		Explore potential for local 'Meet the Buyers' event, possibly in early 2021	More opportunities for local businesses to trade with each other	Can this be a physical event, or online goods and service matching?	November
		Utilise 'Discover Harlow' brand to deliver inward investment marketing campaign for Harlow and promote local success stories	Marketing campaign launched for Harlow with enquiry handling service	Work with Innovation Corridor	November
		Work with 'anchor' institutions to support local supply chain, learning from PHE impact report	More local small companies supplying larger purchasers	Work with PHE, PAH, College and larger businesses	October
		Harlow Council to promote use of town centre and neighbourhood centres	Increasing footfall	Regeneration team and Comms team	September
		Develop business awards scheme	Identification of local success stories	Work with Harlow Chamber and Heart 4 Harlow	November
		Implement new signage scheme to improve awareness of neighbourhood centres and local hatches	Increasing footfall	Regeneration and Property & Facilities teams	October
BE5	Create partnership to lead local employment initiatives	Identify opportunities within Harlow Council to utilise job placement programme	Increase trainee positions in Council and support local workforce	Budgetary constraints	October
		Develop partnership of leading organisations in Harlow to promote employment initiatives	Harlow Council working as community leader	Work through Growth Board; involvement of DWP	September

		Develop programme of improving digital skills for businesses to help them deal with the 'new normal'	Number of Harlow businesses signing up to a programme	Work with existing business support providers, Harlow College, ARU etc.	October
BE6	Support to young people	Identify opportunities within Harlow Council to increase apprenticeships	Increase trainee positions in Council and support local workforce	Budgetary constraints	October
		Ensure an adequate advice and guidance programme is in place for all young people in Harlow	Clear referral mechanism in place and support to enable work-readiness	Work with Harlow College and other existing providers	September
BE6	Council service delivery	Ensure a focus on Covid recovery for local businesses is woven into Corporate Plan and service delivery	Measures delivered that specifically target Covid recovery as an aim	SMB to identify and discuss with Members. Work through Growth Board.	Ongoing

Workstream: Council Business Impact	Lead Officer: Simon Freeman	Deputy Lead Officer: Simon Hill
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- Objectives / Areas of Work:**
1. To plan for the new 'normal' and any changes and/or challenges this may present to the Council's operating model and structures.
 2. To ensure the continuation and where necessary the restoration of service provision to Harlow residents and businesses.
 3. To work with all government guidance to ensure that strategic objectives are compliant and Covid safe.
 4. Harnessing data and monitoring performance to ensure that services delivered post COVID-19, meet the changing needs of residents and businesses.

Number:	Area of Focus	Identified Programmes / Projects / Schemes	What Can be Delivered? Or desired end state?	Comments: Resources required or constraining factors e.g. Influence only, requires work by other authorities	Likely Target Timescales
CB1	Covid -Secure compliance	Corporate risks assessments, operational and staffing advices, PPE process, on going review of activities restricted by social distancing	Covid-secure workplace risk assessment for each premises re-opened, PPE identification and central issue process	Internal resources required	June 2020 - complete, risk assessment review on going based on changes to government guidance
CB2	Outdoor community and leisure sites	Playgrounds, car parks, MUGAs, pitches, Pets Corner, Town Park	Re-opening of facilities when government guidance permits and covid-secure arrangements can practically be implemented	Internal resources required, dependant on government guidance/restrictions	Aug-20
CB3	Indoor community and leisure sites	Playhouse, Museum, Nature Reserve, public conveniences, Leah Manning Centre, Sam's Place	Re-opening of facilities when government guidance permits and covid-secure arrangements can practically be implemented	Internal resources required, dependant on government guidance/restrictions	Aug-20

CB4	External facing HDC Operational sites	Civic Centre, Latton Bush Centre, Bus Terminus	Expansion of available facilities, including cash office, to members of the public when government guidance permits and covid-secure arrangements can practically be implemented	Internal resources required, dependant on government guidance/restrictions	Jul-20
CB5	Refining homeworking protocols and processes	CT homeworker kit standardisation, continuation of existing Telephony and ICT system upgrade programme	Increased capacity and resilience for homeworking processes put in place during emergency phase of COVID response	Internal resources	On going - commenced
CB6	Income Recovery	Housing rent recovery, leaseholder contributions, Commercial rent recovery, Benefit overpayment recovery, Council tax and NDR recovery, sundry debtors	Re-instate recovery processes to ensure income recovery can recommence to operate at normal levels	Internal resources required - dependant on courts service and external enforcement agents	On going - commenced
CB7	Enforcement	Environmental crime, ASB, illegal encampments,	Re-instate recovery processes to ensure enforcement can recommence to operate at normal levels	Internal resources	On going - commenced
CB8	Consultation and communications	External events, statutory consultations, panels and improvement boards	Alternative covid-secure delivery mechanisms (likely virtual)	Internal resources	On going - commenced
CB9	Virtualisation of face to face processes	Housing allocations, taxi licensing, car park permits, site visits for EHS, Housing services, supported Housing management	Web based alternative processes implemented	Internal resources	On going - commenced
CB10	Test and Trace	Essex and Southend Local outbreak plan	MOU agreed and Plan finalised, and Harlow ready for implementation when triggered	Internal resources, part of county-wide response	July 2020 - MOU in place, on going activity to meet plan requirements
CB11	Impact analysis of COVID19	Data identification, collection and analysis	Dashboard of metrics showing impact across town	Internal resources, dependant on some externally collected data	On going - not yet commenced

Workstream: HTS	Lead Officer: Andrew Murray	Deputy Lead Officer: John Phillips
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Objectives / Areas of Work: 1. To improve 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.
2. To reassess HTS community impact by its social value programme and reporting.
3. To monitor HTS environmental impact through its landscape programmes and policies reviews.
4. To create opportunities through the HTS Group business and commercial growth plans, particularly in the area of apprenticeships, training and employment for young people.
5. To show leadership within the local business community with regards to creating local opportunities for local people.

Number:	Area of Focus	Identified Programmes / Projects / Schemes	What Can be Delivered? Or desired end state?	Comments: Resources required or constraining factors e.g. Influence only, requires work by other authorities	Likely Target Timescales
HTS1	Business Resilience and Efficiency	Review of HTS Business Plans, Priorities and Business Continuity. Enhanced communication plans aligned to Council communication plans. Robust gap analysis and performance reporting.	Published updated/revised HSE (Covid 19) Standards. Enhanced Customer Access through digital channels. Aligned business plan/financial reporting, governance and timelines.	Capacity and Shareholder/Board governance arrangements	Oct-20
HTS2	Community Impact	Social value programme and reporting.	Enhanced social value demonstrated. Development/promotion of scrutiny reporting, and improved transparency with better measurement.	Needs wider Council community engagement approach.	Mar-21
HTS3	Environmental Impact	Landscape programmes and Policies reviews.	Action forcing and alignments of policies. Removal of unnecessary duplication. Simplified reporting and service offer.	Resources available and robust client briefs (planned tree programme/grass cutting). Prioritised timing and alignment to Council risks.	Sep-21
HTS4	Creating Opportunities	Business and Commercial growth plans.	Long term plans resourced and prioritised. Targeted resourcing and priorities.	Council plans/ambition and corporate plan priorities.	Mar-21

HTS5	local business community leadership	TBA	Creating local opportunities for local people	TBA	TBA
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Item 5 – Response phase

1. I want to take a few moments to bring members up to speed on how the Council has responded to the Pandemic and challenges that it has faced since the beginning of the year. I have heard some criticism that the Council has been slow to react and want to put our discussions in context.
2. In February, a multi service team was convened to look at the rising issues for the Council for its safe operation and staff welfare under its Business Continuity Plans. The Council has a Corporate Business Continuity Plan and individual Service-related plans in place. Traditionally, business continuity plans reflect the plan to react to a sudden loss of resources, in this case the Council had to plan for the gradual loss of services.
3. Early issues included:
 - Enabling the workforce to work remotely – most of the Council’s staff had no facility of working from home initially and demands on external technology suppliers nationally was significant to which our IT service responded brilliantly.
 - Putting in place monitoring of service impacts and staff sickness/shielding
 - With the Board members, decisions on the early closure of Council facilities including the Civic Offices, other Council buildings (Leah Manning Centre, Playhouse etc.), playgrounds, car parks
4. The Response has also:
 - Facilitated initial set up of Community Hub service; delivered as a joint initiative between Rainbow Services and Harlow Council – this has included council staff redeployment to service the Hub on a seven days a week basis, working with rainbow services on essential food deliveries throughout lockdown, individual welfare calls to category A and B residents (3000), liaising with other agencies for referrals and dealing with significant social issues created by the pandemic that would otherwise have been dealt with by social care services.
 - Worked with County and National planning agencies to ensure a coordinated response for those shielding and residents requiring assistance – this has included a coordinated reporting mechanism and liaison, a seamless referrals process for those requiring local hub help and action with Essex Welfare Services and other partner agencies. Support for excess death plans (with Westerleigh) and more recently local containment plans.
 - The council has paid out £11.4m to 841 local businesses in a measured way. The Council has given extended retail relief to 524 business rate payers, totalling around £17.5m and paid out £933,000 of government hardship

grants to 4,800 residents receiving Council Tax support. Officers are now assessing the many applications made by businesses to the Discretionary Business Grant Scheme which aims to support small and micro businesses that are struggling due to the coronavirus shutdown but are unable to access other government grant funding. All of these things have been achieved against a payment enforcement moratorium, a remote workforce and maintaining contact with residents having difficulty in paying.

- Introduced measures to create safe working environments at the Civic Centre and Latton Bush Centre to allow critical Council and third party services (including NHS teams) to continue, this has meant that contact teams have been asked to work right through, as essential workers, using social distancing at the civic centre, works have also been done to the receptions to enable safer working and the recent successful reopening of the civic centre to the public.
- For our Housing Teams the challenge has been in meeting Housing need. During the period Housing had to accommodate an additional 36 people who were sleeping rough where previously there had been only a handful identified on regular counts. Additionally, Housing has been supporting the increased hardship being evidenced through loss of income. Housing have offered support/signposting benefit/support take up, and development of payment plans,
- The Council has a stay on legal action until the end of August. The increase in Universal Credit Claimants has led to a delay in paying but there is evidence that the reopening of the cash office has meant more have paid arrears. Face to face visits have been undertaken and staff has demonstrated a willingness to work differently to ensure service provision to vulnerable tenants. Online applications processes have been developed to aid the public and within 48 hours of the new Housing Application form going live, a month's worth of applications had been made.
- Made decisions in public interest on the short-term suspension of Council facilities and services and set in motion groundwork for recovery work to commence re-delivery. Whilst facilities such as Pets Corner and The Playhouse have remained closed, staff have been undertaking engagement work, online creative projects and accelerating maintenance works so they are ready to open when it is as soon as safe to do so. Staff have also been redeployed to support other recovery activities.
- The Council has operated in a fast-moving policy environment with government guidance being issued or changed almost daily. Restrictions and relaxations of COVID 19 related guidelines have required many dynamic changes to operation of services. The Council, in its community leadership role, has also promoted the wellbeing of Harlow residents, through its communications so the resident understood the appropriate responses at

each stage of the pandemic to mitigate risk to themselves and protect safety of others. Advice and help have been given to business to reopen safely by our environment team.

- The Council has dealt with over 60,000 enquiries* (calls, emails, online forms, applications and social media messages) during the pandemic with more than 24,000 people visiting our coronavirus support information on our website.
 - We have worked with our HTS partners to maintain their emergency responses for residents during the lockdown period, implemented safe working practices for their staff and the public they visit and worked collaboratively to bring back both housing and environmental services quickly so that impact to residents could be mitigated and services continue as close to normal as possible
 - Our Waste contractor, Veolia, and their bin crews have provided a service throughout the lockdown period and collected over 2,824 tonnes of non-recycling, 1,402 tonnes of recycling and 557 tonnes of food waste in April and May
5. The Response Team initially met daily with reporting to a daily Senior Management Board / HTS meeting. This work is now being wound down as many of the staff are involved in moving to recovery Workstream activities and as council activities recover, to their substantive roles. Measures implemented have meant that only one staff member has fallen ill to Covid 19 and recovered. Staff have adapted to new ways of working and continue to work remotely for the foreseeable future.
6. The Council has also quickly established a portfolio with specific responsibility for recovery and a mechanism for formal members involvement through this cross-party Working Group.

Item 6(a) – Workstreams

The following are update notes from Workstream Leads

Community Impact – Lead Jane Greer:

The following subgroups have been established to look at impact on our community covering the following themes.

- Arts and Culture
- Homelessness, Supported Housing and tenancy support
- Third Sector, BAME, Faith, disabled and other groups community impacts

There has also been a discussion on how a cross working group subgroup needs to be set up to look at

- Data – collection of and analysis

The key points so far are:

Arts and Culture Subgroup

This sub group focuses on arts & cultural venues and activities that are run by the Council or which the Council has a significant involvement in e.g. Playhouse, Gibberd Gallery, Museum, Carnival, Fireworks, Christmas Lights – also Council venues that are used by community based groups e.g. Latton Bush, Potter Street. A later stage may be to provide advice/support to non-Council linked groups/venues. Action planning to be focussed on two areas:

- Maintaining audience engagement and some activity where possible, particularly in the summer
- Preparing plans for re-opening (even if this may be many months away). Although this will feed into the internal group

Homelessness and supported housing and tenancy support Subgroup

Focusing on supported housing, homelessness including rough sleepers and victims of domestic abuse, allocations and tenancy support

Areas of focus will include:

- Establishing a plan to re-introduce support visits for older persons housing
- Planning for re-opening communal areas in older persons housing
- In relation to tenancy support, the level of family support has increased during lockdown, family members have been off work or furloughed, however as this support decreases and people return to work then support services need to increase to meet demand.
- Developing farther the existing Rough Sleepers Action to help mitigate the effects of Covid 19 on homeless people.

Third Sector, BAME, Faith, disabled and other groups community impacts

Looking and at implementing support to aid recovering from the pandemic to the third sector, faith groups, BAME groups and others. Examples include:

- Supporting local community and voluntary groups to maintain support for the most vulnerable groups after Shielding ceases.
- Though local faith groups, identify specific support needs to assist community recovery

- Support local organisations that have links to BAME communities to identify specific recovery support needs

Council Business Impact – Lead Simon Freeman

Work of this workstream has the following key points

- Vast majority of council services have been maintained throughout.
- Extremely quick response to the government decision and national crisis in March to enable the above to happen.
- Public facing services temporarily suspended to comply with guidance and protect public/staff
- Some workers unable to undertake normal duties have been redeployed to support other activity (such as Community Hub, town Centre etc.
- Corporate Covid Risk Assessment completed and Covid Certification in Civic/Latton Bush

Now focusing on bringing service to the public back including –

- Public Toilets (reopened w/c 6 July)
- Civic Centre (reopened w/c 6 July)
- Car Parks (reopened w/c 6 July)
- Museum Garden (due to open 25 July)
- Playgrounds (Due to open by the end of July)
- Playhouse – some phased opening from w/c 20 July

During lockdown lots of work on using online service access with big win on the development of Housing Applications online. Work continues to develop these points of service access moving forward.

Business & Economy Workstream – Lead Andrew Bramidge

1. Advice and support to businesses

- Provision of Government grant support to Harlow businesses
- Direct businesses towards local business advisory services e.g. NWES, Growth Hub through partnership social media campaign involving Chambers of Commerce and SELEP
- Promotion of new business start-up support to include co-operatives where risk can be shared
- Improve environment in our employment areas e.g. better signage, transport
- Deliver joint Harlow Council & Harlow Chamber online business support and information event (hosted by Cllr Harvey?)

2. Promotion of Harlow businesses

- Local Purchasing – what more can the Council do in this regard?
- Local Purchasing – actively promote local purchasing opportunities e.g. by staging a (virtual?) Meet the Buyers event
- Inward investment campaign through Discover Harlow, positioning Harlow as key location in the UK Innovation Corridor
- Work with 'Anchor' institutions to support the local supply chain; learn from PHE Impact report
- Develop opportunities to create new forms of flexible business space e.g. co-working to enable new business creation, potentially using our commercial asset portfolio
- Immediately switch to active promotion of Harlow Town Centre, neighbourhood centres, retail parks and Harlow's hospitality sector. Focus of activity of 'Shop Local' e.g. through apps such as 'Shop Appy'
- Promotion of Harlow business success stories via Discover Harlow focussing on companies that are doing well at present and potentially linking them to supply chain opportunities
- Develop Covid related Business Awards scheme with Harlow Chamber and Heart 4 Harlow
- Fast track signage project to improve awareness of local shopping hatches.

HTS Group Workstream – Lead Andrew Murray

- Played a leading role in supporting the C/Hub, providing vans, volunteer resources, and storage accommodation for food parcels etc.
- Played a leading role in procuring PPE equipment ensuring "fit for purpose", establishing reliable markets/supply chain, interpreting complex/changing govt H and S guidance into adapting business processes, arranging Covid Secure office arrangements
- Established a "remote contact centre" quickly for responding to customer emergencies/enquiries.
- Worked well with local/national trade unions, in partnership, to provide support to employees thru lock down, and get people back to work safely/processes. (HSE)
- National recognition as a playing a leading role in the newly formed LATCo organisation, developing support mechanisms for members

Item 6b - Development of Action Plan

- Officers are working on producing an Action Plan layout common to all Workstreams
- It is envisaged that the first draft Action Plan will be brought to the Working Group at its August meeting.
- Work will continue on actions in the interim between meetings
- Action Plan will be a 'live' document and subject to change going forward

- Anticipated that the first report will be presented to Cabinet at their meeting in September.

Additionally, and concurrently, the Working Group will align with, inform and strengthen all high level strategic corporate activity, for example work on Harlow Gilston Garden Town, the Town Investment Plan, Town Centre Action Plan and the Corporate Plan

Item 6c - Short Term Measures

This is an opportunity for the Working to suggest measures that could be implemented quickly or could be subject to more work by officers.

Quick Wins for the Community Impact Group

- Worked with Rainbow Services in the successful operation of the Community Hub
- Planning for Black History Month activities in an alternative and more suitable location
- Development of a summer school e.g. theatre workshops, dance classes, museum activities programme using open air venues
- Promoted and encourage applications for Discretionary Business Rate Scheme
- Will target BAME children and young people for participation in the summer school
- Work with partners to deliver a Holiday hunger scheme at a suitable location.

Quick Wins for the Business and Economic Support Workstream

- Delivery of joint Harlow Council & Chamber of Commerce online business briefing and engagement event
- Proactive promotional campaign of town centre, neighbourhood centres, retail parks and the town's hospitality sector and 'Harlow Shop Local' campaign
- HDC to develop and lead a local partnership on implementation of Kick Start job placement scheme
- Develop Business Awards scheme to promote and celebrate local businesses
- Dedicated edition of Harlow Times – "Harlow is Open for Business", in late Sept/ early October.

Item 6d - Impact on Council Priorities and Corporate Plan

- The Council agreed its Corporate Plan in February before the onset of the pandemic
- The Plan does not reflect the recovery focus of the Council
- Proposed to add a further Corporate Priority in the next reporting round which will be the September Cabinet meeting

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**MINUTES OF THE COVID-19 RECOVERY WORKING GROUP
HELD ON**

22 July 2020

6.30 - 8.50 pm

PRESENT

Committee Members

Councillor Eugenie Harvey (Chair)
Councillor Simon Carter
Councillor Joel Charles
Councillor Tony Durcan
Councillor Tony Edwards
Councillor Mark Ingall
Councillor Andrew Johnson
Councillor Frances Mason
Councillor Russell Perrin
Councillor Nancy Watson

Officers

Brian Keane, Chief Executive
Hannah Criddle, Governance Support Officer
Andrew Bramidge, Head of Environment and Planning
Simon Freeman, Head of Finance and Deputy to the Chief Executive
Jane Greer, Head of Community Wellbeing
Simon Hill, Head of Governance
Andrew Murray, Head of Housing
Adam Rees, Governance Support Officer

1. **WELCOME AND INTRODUCTIONS**

Councillor Harvey welcomed the group to the meeting. She explained that the purpose of the group was to work collaboratively, generate creative ideas and have productive debate. Councillor Harvey explained that three key concerns of hers following the Covid-19 pandemic were unemployment, local businesses and the voluntary sector.

2. **APOLOGIES FOR ABSENCE**

None.

3. **DECLARATIONS OF INTEREST**

Councillor Charles declared a pecuniary interest as a remunerated Council appointed director of HTS (Housing and Regeneration) Ltd.

Councillor Carter declared a pecuniary interest as a remunerated Council appointed director of HTS (Property and Environment) Ltd.

4. **TERMS OF REFERENCE**

The group considered the Terms of Reference that were shared at the Cabinet meeting on 9 July 2020. It was agreed that it was important to complete a gap analysis and to understand the baseline to help to inform the Terms of Reference and establish a feedback mechanism so performance against the Terms of Reference could be compared.

The group agreed to:

- a) Add a term around the Council working with regional health officials to minimise the risk of a second outbreak in Harlow.
- b) Extend the community action term to include community cohesion and wider engagement including public health education and to focus on the impact on the voluntary sector.
- c) Have specific focus of the impact of Covid-19 on the faith based communities and BAME group.
- d) Have a specific focus on public education in view of the on-going health risk.

It was agreed that the action plan should consider dynamic and static risk.

The amended Terms of Reference would be circulated to the Chair and a representative from the Conservative group for approval before the next meeting.

5. **RESPONSE PHASE - KEY ACTIONS AND DECISIONS**

Councillor Harvey noted some of work completed by the Council during the response phase whilst there was a gradual loss of services and the following had been achieved; enabling 420 officers to work remotely, working with the County Council and shielding agencies creating the Community Hub, awarding grants to local businesses, helping 36 rough sleepers, monitoring staff sickness, creating online creative projects, dealing with 60,000 customer enquiries and HTS emergency work during lockdown. The group requested that this information was circulated as a note to all.

The group considered whether the Council was still in the response phase or had moved into the recovery phase. Councillor Harvey advised that the Council was moving into the recovery phase. Councillor Perrin suggested that the details of the response were written down within a strategic framework for comparison against the groups' terms of reference.

6. **RECOVERY PHASE**

a) Workstreams

Jane Greer, Head of Community and Wellbeing, explained that under the “community impact” work stream, there were four key sub-groups;

- a) Third sector, faith groups, BAME and other communities
- b) Homelessness and supported housing
- c) Arts and culture
- d) Data collection.

Andrew Bramidge, Head of Environment and Planning, explained that the “business impact” work stream would need access to better economic data in order to consider the impact on Harlow. He confirmed that, to date, support had been provided to the retail and hospitality sector for the re-opening of their businesses and to 200 Council business tenants.

Simon Freeman, Head of Finance and Property and Deputy to the Chief Executive, detailed the innovative changes made to services as part of the “council business” work stream. The stream had considered 19 actions for immediate action and was aware of where the Council currently stood with its service and where it needed to get for services in the future.

Andrew Murray, Head of Housing, confirmed that, as part of the “HTS Group” work stream, some service provision was moderate and HTS were working its way through backlogs. HTS had worked well with local and trade unions to support employees and get people back to work safely. Andrew Murray confirmed that the Best Value Review actions were continuing for the contract extension. Themes considered by the work stream included; social value impact, business resilience, commercial impact, environmental impact, the customer experience and creating opportunities.

Brian Keane, Chief Executive, confirmed that as of 22 July 2020 he would be receiving postcode data on the positive Covid-19 tests in Harlow.

The group requested a note on the operational, verbal updates of the officers by the next meeting.

b) Development of Action Plan

A draft action plan was due to come back to the group in August for Cabinet approval in September. The group agreed it would like to meet before 25 August meeting to work on the draft action plan. A further meeting would be arranged within the next two weeks.

The group agreed that a gap analysis and baseline analysis would be needed to inform an action plan. Councillor Perrin suggested that sustainability should also be considered as part of the action plan. Councillor Charles suggested that a sub-group for the working group was created to consider the overall vision of a post Covid-19 Harlow.

c) Short Term Measures/Quick Wins

Jane Greer confirmed a number of community impact short-term wins including; the community hub, the planned arts and culture summer events, the planned Black History Month events and the work to allocate discretionary business relief grants. Jane Greer advised the group that Rainbow Services would also be organising a survey to consider how groups had been affected by the pandemic.

Andrew Bramidge explained a number of short-term measures for the “Business and Economic Support” work stream;

- a) Mapping – impact monitoring
- b) Advice and support provided to the business community
- c) The promotion of local businesses
- d) Job skills

It was agreed that a note to all members would include the proposals.

d) Impact on Council Priorities and Corporate Plan

Councillor Harvey confirmed that the impact of the Covid-19 pandemic on Council Priorities and Corporate Plan would be reviewed by September.

e) Finance Update

Simon Freeman confirmed that arrangements were changing weekly, however, the Council would be receiving an additional £165,000 of funding from the Government in a further round of grants announced by Government. The position had not changed since the update to Cabinet on 9 July 2020, however, the additional funding would mean that the gap would reduce to around £500,000. Simon Freeman confirmed that the Council was dealing with a forecast based on what was expected. Councillor Ingall confirmed that the returns information sent to the Government would be shared with the Opposition Group.

7. **MEETING FREQUENCY/NEXT STEPS**

The group noted the dates of the next meetings and requested that another meeting was arranged within the next two weeks. Councillor Harvey agreed to email the group to confirm the process outlined and would arrange for requested documents to be circulated to the group.

CHAIR OF THE WORKING GROUP

**MINUTES OF THE COVID-19 RECOVERY WORKING GROUP
HELD ON**

5 August 2020

6.30 - 7.47 pm

PRESENT

Committee Members

Councillor Eugenie Harvey (Chair)
Councillor Simon Carter
Councillor Joel Charles
Councillor Tony Durcan
Councillor Tony Edwards
Councillor Andrew Johnson
Councillor Russell Perrin
Councillor Nancy Watson

Officers

Brian Keane, Chief Executive
Andrew Bramidge, Head of Environment and Planning
Hannah Criddle, Governance Support Officer
Simon Freeman, Head of Finance and Deputy to the Chief Executive
Jane Greer, Head of Community Wellbeing
Simon Hill, Head of Governance
Andrew Murray, Head of Housing
Lisa Thornett, Corporate and Governance Support Officer

8. **APOLOGIES FOR ABSENCE**

Apologies for absence were received for Councillor Frances Mason.

9. **DECLARATIONS OF INTEREST**

Councillor Carter declared a pecuniary interest as a remunerated Council appointed director of HTS (Property and Environment) Ltd.

Councillor Charles declared a pecuniary interest as a remunerated Council appointed director of HTS (Housing and Regeneration) Ltd.

10. **MINUTES**

RESOLVED that the minutes of the meeting held on 22 July 2020 are agreed as a correct record and signed by the Chair.

11. **MATTERS ARISING**

Councillor Johnson noted that at the last meeting the Working Group requested the operational notes of any work stream meetings. Brian

Keane, Chief Executive, confirmed that these would be provided at the next Working Group meeting on 25 August 2020.

Councillor Charles noted that a summary report on data collection and gap analysis would be useful. Councillor Harvey agreed that data analysis would be helpful but explained it would be hard to complete a gap analysis for all work streams. Brian Keane agreed that there could be a gap analysis for the internal and HTS work streams. The Council was working with Essex County Council for data relating to the community and business and economy work streams. Councillor Charles requested an internal gap analysis as soon as possible. Councillor Harvey agreed that this would be sent to the Working Group Sub Group.

Councillor Perrin noted that at the last meeting it was discussed that sustainability was built in to the action plan. Councillor Harvey agreed to look at this and build it in to the action plan.

12. **APPROVE THE FINAL TERMS OF REFERENCE**

The Working Group received final Terms of Reference for approval.

Councillor Harvey advised the Working Group that Councillor Mason suggested that the appropriate terminology was “clinically extremely vulnerable”. It was agreed that the Terms of Reference would be amended accordingly.

Councillor Johnson thanked the Chair and Officers for the changes made to the Terms of Reference following discussions earlier on in the week. Councillor Johnson advised that his group was happy to accept the Terms of Reference and welcomed the collaboration between the two parties.

RESOLVED that the final Terms of Reference were approved for recommendation to the Cabinet.

13. **APPROVE THE VISION STATEMENT**

The Working Group received the vision statement for approval.

Councillor Charles suggested that the corporate priorities were given short, medium and long term targets. Councillor Charles suggested the three most important priorities at the moment were; infection control and a second wave, business resilience and action to help disadvantaged groups. Councillor Harvey advised that timeline work was going on. Brian Keane confirmed that targets would be part of the action plan.

RESOLVED that the vision statement would be amended and brought to the Working Group Sub Group before the full Working Group meeting on 25 August 2020.

14. **DISCUSS AND AGREE THE WORK STREAM OBJECTIVES TAKING VIEWS FROM MEMBERS**

The Working Group received the work stream objectives for discussion and comments.

Councillor Harvey advised the Working Group that at the sub group meeting it was agreed that a Working Group member from each party would be allocated to each work stream. The lead officer of each work stream would provide the members with updates for them to go back to their groups.

Councillor Perrin requested that any updates from Officers were uploaded to Mod.Gov so they were all saved in one place. Simon Hill, Head of Governance, confirmed the documents could be attached to the meeting documents.

Councillor Perrin also requested whether a Covid-19 budget or financial framework could be broken down into the different work streams. Simon Freeman, Head of Finance and Deputy to the Chief Executive, would look into this and have a separate conversation with Councillor Perrin.

Councillor Johnson advised the Working Group that he felt he doesn't have enough information of what falls under each work stream in order to analysis, comment and agree on the objectives. It was agreed that Officers would circulate a scoping paper on the current focus of each work stream.

Councillor Charles suggested the under the Business and Economy work stream, the wording surrounding securing partnerships with other bodies was strengthened. Andrew Bramidge, Head of Environment and Planning, agreed with this.

Overall, the Working Group agreed that it was the responsibility of every work stream to reduce the risk of a second spike of Covid-19.

RESOLVED that the work stream objectives were agreed.

15. **UPDATE ON PROGRESS OF ACTION PLAN**

The draft Action Plan would be brought to the Working Group Sub Group within the next couple of weeks and then to the full Working Group on 25 August 2020.

16. **MATTERS OF URGENT BUSINESS**

Councillor Harvey advised the Working Group that the meeting due to take place on Thursday 24 September had been moved to Wednesday 23 September.

CHAIR OF THE WORKING GROUP

Covid-19 Recovery Working Group

Terms of Reference - Draft Revision 27/7/2020

- (i) To advise the Portfolio Holder on the proposals contained within the developing pandemic action plan;
- (ii) To provide a forum for consultation on measures and strategy within the pandemic action plan;
- (iii) To advise and comment on work with regional health officials to mitigate any further outbreak or second wave of infection in Harlow;
- (iv) To identify Council-related impacts that may require additional resources or service delivery methods; and
- (v) To provide a focus for:
 - community action, cohesion, and resilience.
 - business engagement and innovative ways of growing the local economy
 - work with the BAME communities and other marginalised groups on the impact of the pandemic
 - engagement with the voluntary sector and faith-based communities
 - community education on the on-going public health risk and to mitigate future outbreaks (e.g. via the Youth Council)
 - proposals for new ways of working
- (vi) To harness data and monitor performance to ensure that services delivered post COVID, meet the changing needs of residents and businesses

REPORT TO: CHIEF EXECUTIVE

DATE: 21 APRIL 2020

TITLE: HTS (HOUSING AND REGENERATION)
COMPANY BUSINESS PLAN

PORTFOLIO HOLDER: COUNCILLOR MARK INGALL, LEADER OF THE
COUNCIL

LEAD OFFICERS: SENIOR MANAGEMENT BOARD (01279) 446004

This is a Key Decision
It is on the Forward Plan as Decision Number I011169
Call-in Procedures may apply
This decision will affect no ward specifically.

RECOMMENDED that:

- A** The HTS (Housing & Regeneration) Limited Business Plan (attached as Appendix A to the report) is approved.
- B** Decisions relating to the details of the loans and/or equity investments in the company are delegated to the Chief Executive and Deputy to the Chief Executive and Head of Finance and Property in consultation with the Leader of the Council and Portfolio Holder for Resources.
- C** The approval of the Company Memorandum and Articles of HTS (H&R) Limited to facilitate the objectives set out in this report and to enable the company to commence trading is delegated to the Chief Executive in consultation with the Leader of the Council
- D** Operational matters relating to the start-up of the company such as banking arrangements, VAT registrations and other administrative matters are delegated to the Deputy to the Chief Executive and Head of Finance and Property in consultation with the Portfolio Holder for Resources and Portfolio Holder for Regeneration.

REASON FOR DECISION

- A** To enable Harlow Trading Services (Housing & Regeneration) Limited, a company wholly owned by the Council, to commence trading. Activity will initially be focussed on the acquisition, renovation, management and development of properties for rent with an intention to broaden trading to include house building and other regeneration schemes subject to satisfying viability assessments.

BACKGROUND

1. Harlow is a compact New Town at the heart of the London to Cambridge Innovation Corridor consisting of self-contained local neighbourhoods with a variety of shopping hatches and employment areas aligned with the design principles of Sir Frederick Gibberd.
2. The Council continues to work with its partners to deliver the Harlow and Gilston Garden Town initiative intended to generate new communities in and around Harlow and to stimulate to regeneration of the Town Centre. Whilst this project is progressing well the delivery of homes will be in future years with significant infrastructure projects to be delivered to enable sustainable development.
3. Harlow's proximity to London, the issues brought about by the national and worldwide economy, welfare reforms and more recently the country's exit from the European Union have all contributed to a unique housing pressure locally.
4. The local Housing Needs Register currently has around 4,500 people and families waiting to be suitably housed and there is a growing issue both nationally and locally in respect of homelessness. Housing and social issues created through the use of the conversion of commercial properties to residential accommodation through the Permitted Development planning regulations has been a particular problem for Harlow in recent years. People and families have been removed from their social and support networks and placed in unfamiliar and unsuitable temporary accommodation created through permitted development.
5. The need for more housing of all tenures is acutely apparent with the Corporate Plan identifying that the top priority for the Council remains the delivery of 'More and Better Housing'. As a driver to deliver this ambition the Council has continued to define its capital programme as approved at the February Council meeting to include the funding for schemes within its own ownership and control.
6. The Council has also established its own housing company, Harlow Trading Services (Housing and Regeneration) Ltd (HTS (H&R)), with the ambition to utilise the business to further help and support the Council in its delivery of housing and supporting other regeneration schemes within the town.

ISSUES/PROPOSALS

7. Having registered HTS (H&R) Ltd as a company detailed work has been undertaken to determine the best and lowest risk options for its initial period of trading. During this time the Council has also worked to develop its own projects for housing delivery as reflected within the Housing and Non Housing Capital Programmes previously presented to Cabinet and Council.
8. Key issues impacting on the company have involved the difficulty of establishing a new start-up business with no asset holdings and no immediate cash flow or trading capital to facilitate property development schemes. Such schemes can

take time and financial investment to bring to fruition before any trading income or profits can be generated.

9. Current Government policy is also creating a barrier to the delivery of new housing through the restriction on the use of the retained pooled receipts generated from the sale of existing council housing through the Right to Buy scheme (RTB).
10. Having evaluated the options for the company and further developed its Business Plan this report recommends that the company commences trading, subject to finalising all related administrative and legal matters.
11. Within the rental portfolio, rental levels cannot be specifically determined at this stage. The rents will be set commensurate with the company's need to remain financially viable in the long term but will be aimed at a balanced mix of social, affordable and market rents as required and influenced by the costs to the company of acquiring, preparing the properties and ongoing management and maintenance costs over the long term.
12. The long term aim of the company in the rental area will to be seen as an exemplar landlord operating to high standards and offering high quality homes to those in housing need within Harlow, providing the maximum ratio of social rents possible.
13. Whilst initial trading will be focussed on the development of a sustainable rental property portfolio the company will also continue to explore options to become a viable developer of other housing projects and regeneration schemes. The schemes must be able to deliver a profit to the business and within the legislative framework at the time.

Business Plan and Financial Performance.

14. HTS (H&R) Limited is a property development company with a focus on providing high quality and affordable residential properties through acquisition and development.
15. Aligned with the current group structure key decisions will be overseen by the Shareholder Sub Committee within its existing approved Terms of Reference which may be subject to review.
16. Governance arrangements for the company are referred to within the initial Business Plan appended to this report and are aligned with the current HTS Group governance structure.
17. The company is wholly owned by HTS Group Limited and hence ultimately by the Council as the sole shareholder. The company will initially be funded by debt and/or equity provided by the Council and it is anticipated that the initial facility will be for up to £1.5 million enabling initial trading and acquisition of between 5 and 10 rental units.

18. The Council's interest in the company will be secured against the asset value held by the company in the form of the properties acquired with debt and interest being repaid as rental income is secured.
19. All details relating to the loans and/or equity relating to the initial financing deal will be dealt with under delegations by the Chief Executive and Head of Finance and Deputy to the Chief Executive.
20. Key drivers for success are set out in the Business Plan and will be underpinned by:
 - a) The ability to acquire homes at competitive prices
 - b) Securing competitive management and maintenance costs for rented homes whilst achieving high quality standards.
 - c) Keeping rental void periods and void repairs periods to a minimum through effective marketing, letting and property turnaround.
 - d) Keeping rent loss to a minimum by taking appropriate debt recovery action including property repossession if needed.
 - e) Ensuring cashflow is sufficient to cover debt interest charges and repayments.
21. The principle terms of the loan agreements to the company will include:
 - a) Provided for the purposes of acquisition of affordable housing delivery.
 - b) Security against the Company's assets in favour of the Council as lender in the form of a first charge on the properties.
 - c) Requirements for the Company to provide full acquisition/development details to the lender before the loan facility can be drawn down.
 - d) Applicable interest rates which will be deemed commercially sensitive will be determined at the point of draw down and in line with legal advice.
22. The business plan will be monitored against a range of performance indicators both financial and non-financial to include but not exclusively:
 - a) Rental Yield (Net Rent/Asset Value)
 - b) Rent collection %
 - c) Occupancy Rate
 - d) Debt/Equity Ratio

- e) Void %
- f) Void turnaround
- g) Rent Arrears.

IMPLICATIONS

Environment and Planning (Includes Sustainability)

The company can contribute towards the Council's objectives of increasing housing supply, creating a wider choice of housing and delivering the Local Plan. Should the opportunity to undertake housing development become viable each site will be required to secure planning consent and there is also an opportunity for the company to utilise the Council's Building Control services in the delivery of its projects.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT, and Property and Facilities)

The financial implications are set out in the report. The Council will be the provider of loan finance and equity finance to the company secured against the asset portfolio.

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

Housing

As contained within the report.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

As contained within the report.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

The report ensures that the Council complies with Regulation 2 of The Local Government (Best Value Authorities (Power to Trade) (England) Order 2009 through the approval of the business plan prior to trading. The Council has a public sector equality duty (Equality Act 2010 s149) to effectively minimise disadvantage to people who share protected characteristics. This proposal positively supports the duty by seeking to improve the provision of Council housing increasing the availability of decent accommodation for those qualifying for such assistance.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – HTS (Housing & Regeneration) Limited Business Plan.

Background Papers

None.

Glossary of terms/abbreviations used

None.

HTS (Housing and Regeneration) Limited
Business Plan

Version 5.4
March 2020

1 Summary and Vision

1.1 Executive Summary

- 1.1.1 This document lays out the initial business plan for HTS (Housing and Regeneration) Limited as wholly owned subsidiary of HTS Group. It includes:
- a) Our vision and values.
 - b) An analysis of the market place we will operate in
 - c) An explanation of the service we will offer
 - d) A description of our legal form and our governance arrangements
 - e) An overview of our delivery requirements
 - f) Initial pipeline of schemes demonstrating the viability of our business
 - g) An implementation plan outlining initial actions to enable trading operations

1.2 Vision for the future

- 1.2.1 The vision for HTS (Housing and Regeneration) Ltd (the Company) is to embrace the vision set out within the Council's corporate plan and within the Local Development Plan as well as to aid and assist the council in its delivery.
- 1.2.2 Key to that vision and the focus of the company will be the delivery of :
- a) More and better housing – tackling the housing need of Harlow residents, both in quantity, affordability, range and quality.
 - b) Regeneration and a thriving economy – regenerating Harlow and supporting a thriving economy that benefits all the people of Harlow wherever possible.
- 1.2.3 These priorities have been embedded in Harlow's Local Development Plan, shaping Harlow over the next 13 years ensuring the efficient use of land and securing future sustainable development delivering the needs of the community. The Local Development Plan sets out the need to build 9,200 homes in Harlow over this period.
- 1.2.4 There are a number of emerging strategies including the Local Development Plan, Harlow and Gilston Garden Town Spatial Vision and the Harlow Town Centre Area Action Plan, all of which provide context and the opportunities for growth, in particular housing growth within the district and its environs.
- 1.2.5 In order to support the Council's ambitions for more and better housing the Company will initially focus on the acquisition of residential properties within Harlow and will bring those properties up to a high quality standard in order to make them available for rent to the local population of the town. The Company will look to secure a range of homes both in terms of size and rent levels to ensure that the business model is sustainable and aligned

with the appropriate property sizes based on the council's Housing Needs Register wherever possible. The company will seek to undertake new-build development opportunities where these are demonstrated to be financially viable.

1.3 Differentiators

- 1.3.1 The Company is an integral part of the Council's existing trading group structure. The Company will work alongside and complement the Council's development proposals within the Housing Revenue Account by supplementing and meeting demands for both affordable and market rent properties by effectively intervening directly in the local housing market.
- 1.3.2 The Company will be able to take advantage of the 'Teckal' exemption held in Regulation 12 of the Public Contract Regulations 2015. As a parallel Teckal vehicle, the Company will provide trading synergy to direct and work with HTS (Property and Environment) Limited to provide services within the HTS Group for the Council subject to procurement regulations. It is anticipated that this will be work similar to that already undertaken by HTS (P&E) Ltd for the Council's Housing Service on voids works and ongoing housing repairs and maintenance.
- 1.3.3 The creation of the Company provides a platform for a greater stewardship role in place- shaping, and potential financial return to the Council. The Company will provide the Council with greater freedoms and flexibilities to take innovative steps to meet local housing needs, and act as a vehicle to deliver town wide regeneration alone or with strategic partners. The aim of the company will be to increase the supply of high standard rented accommodation within the town.
- 1.3.4 The principle of the Council borrowing at Government-backed public sector loan rates and achieving a revenue margin through on-lending creates a reliable source of capital for the Company and will also provide a revenue stream to the Council from the interest it will receive. The Company also benefits from the following:
 - a) Commercial freedom over rent setting.
 - b) Opportunities to provide affordable alternatives to fulfil the legal duty to provide emergency temporary homeless accommodation.
 - c) Commercial growth in direct response to demographic trends (addressing gaps in demand by an underperforming private market)
 - d) Opportunity to generate a long term income stream through the assembly of an asset base which is income generating.

1.4 Organisational form, ownership and governance.

- 1.4.1 HTS Group was incorporated as a Holding Company with the Council as shareholder allowing for the creation of subsidiaries. This approach reduces the risk that would otherwise be created through holding one single company which undertakes a broad range of activities that may not fall within the expertise of its Directors.

1.4.2 HTS (Housing and Regeneration) Ltd (Company Registration Number 11499394) is incorporated as a subsidiary of HTS Group, being the wholly owned trading arm of Harlow Council.

1.4.3 The Governance arrangements for the company are set out within section 4 of this plan.

1.4.4 The Council as sole shareholder will retain corporate control of the HTS Group via the Shareholder Sub Committee.

2 Vision and Purpose

2.1 Vision

2.1.1 To renew and reinvigorate Harlow as a place with an economically thriving and inclusive community; maximising residential and commercial opportunities, to secure investment and commitment, to create a better future for all who live, work and enjoy the town.

2.2 Mission

2.2.1 The Company's mission will be to deliver mixed use housing maximising socially rented homes for the use in housing those on the Housing Needs Register and to reduce dependency on private sector providers of high cost temporary accommodation. Where viability can be demonstrated it will consider commercial developments compliant with planning policy, and shape and commission town wide regeneration aligned with Harlow Council corporate priorities.

2.3 Strategic objectives

2.3.1 The Strategic Objectives of the company will be to –

- Acquire properties on the open market for rent and/or sale.
- Where financially viable, develop Council land for residential purposes.
- Deliver more and better mixed use housing for Harlow.
- Tackle housing need in order to reduce homelessness.
- Where viable, deliver neighbourhood regeneration and priority estates schemes.
- Prepare for growth within Harlow.
- Support the economic development of Harlow.

2.4 Values

2.4.1 Our values demonstrate our commitment to our mission through the below;

2.5 Regeneration and Reinvigoration

2.5.1 Improve and increase the availability of quality homes in Harlow.

2.5.2 A commitment to deliver to high standards of design, working within the framework of the Harlow Design Guide and the design principles of the Harlow and Gilston Garden Town.

- 2.5.3 Make Harlow a place where people want to work and live, and can afford to live.
- 2.5.4 Recognise and support local needs for housing and commercial development.
- 2.5.5 Boost Harlow's position as a centre of economic activity.

2.6 Stewardship

- 2.6.1 To contribute to the aspiration for high quality place-shaping for Harlow's residents.
- 2.6.2 To focus on sustainable locations, making the best use of existing resources and land.
- 2.6.3 To protect and enhance Harlow's unique historical identity and masterplanning principles in plans for growth.
- 2.6.4 To create and support balanced, diverse and functional communities for the future.

2.7 Leadership and accountability

- 2.7.1 Have a clear vision of where we are going.
- 2.7.2 Consider the client, employee and community needs when making decisions.
- 2.7.3 Accept personal accountability to meet the business needs, improve our processes and help others improve their effectiveness.
- 2.7.4 Value and reward open, honest communication.
- 2.7.5 Across the HTS Group Ltd we hold shared values in areas of Leadership and Accountability.

2.8 Ethics

- 2.8.1 Maintain the highest standards for customers, clients and communities.
- 2.8.2 Be accountable for our conduct and decisions.
- 2.8.3 Only make promises we intend to keep.
- 2.8.4 Avoid any conflicts of interest and operate within the law.
- 2.8.5 Across the HTS Group Ltd we hold shared values in areas of Ethics

3 The Market

- 3.1.1 There are a total of 37,140 homes in Harlow in 2017, of which 9,430 are owned by the Local Authority.

Tenure	Number of Dwellings	% of Stock
Owned by Local Authority	9,430	25.4%
Private Registered Provider	1,980	5.3%
Private Sector Rented	4,605	12.4%
Private Sector Owner/Occupier	21,169	56.9%
Total Housing Stock	37,140	100.0%

4 The Team

4.1 Governance model

4.1.1 The governance arrangements proposed (Articles which are supplemented by a Scheme of Delegation which in turn refers to this Business Plan) look to give HTS the ability to determine and deliver operational objectives and make commercially sound decisions within the Teckal definition. The Articles direct HTS (Housing and Regeneration) Ltd as a company, including voting rights, casting votes, quorum and general objects. Once adopted these will be a matter of public record. The Scheme of Delegation and Business Plan determine final decision making powers and strategic direction and activities respectively, and provide shareholder influence over the Company. The three governance documents will be inter linked and inter dependent, and any changes must be approved by the Shareholder Sub- Committee under their agreed terms of reference.

4.2 Board

4.2.1 Following the established principles of the existing group structure the Board will consist of no more than three Councillor Directors, a Head of Service, a managing director, and a non-executive chair. Articles will be finalised at the HTS Group board for compliance checking and to ensure synergy with the Group and its other subsidiary, HTS (Property and Environment) Ltd, before recommendation is made to the Shareholder Sub Committee for decision to adopt.

4.2.2 A register of director interests will be held, updated and monitored. Risk will be monitored on an ongoing basis. Conflict of interests will be managed and provided for within the Articles. Directors training in respect of statutory duties will be delivered at the earliest opportunity.

4.2.3 Insurance for directors, together with employee cover, professional indemnity will be placed as soon as possible using Harlow Council's insurance team.

4.3 Board Duties

4.3.1 The core duties of the HTS (Housing and Regeneration) Ltd Board are,:

- a) To deliver the strategic direction of the company as set by the Shareholder.
- b) To deliver best value efficient services.
- c) To grow the company and support and further Harlow Council's priorities and corporate values.

- d) To operate within a framework of prudent, commercially minded and effective controls which manage risk and reward.
- e) To be entrepreneurial and innovative to deliver acceptable returns to the Council.
- f) To ensure that all legal and regulatory obligations are understood and discharged.

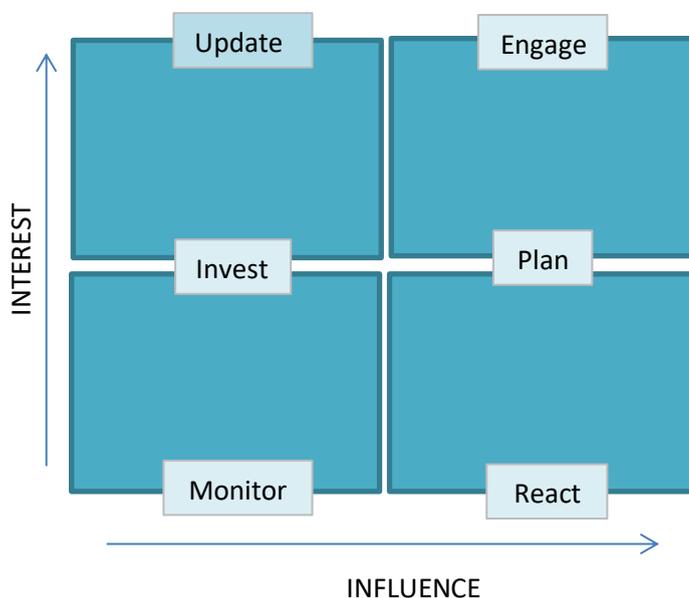
5 Stakeholders

5.1.1 The individuals, groups, and organisations that will have an influence on, be affected by, or be involved with the activities undertaken by HTS (Housing and Regeneration) Ltd can be identified as the:

- a) The Company's shareholder as the main client.
- b) Current and future residents and business owners who will be the beneficiaries of services delivered through the company.
- c) Potential contractors and supply chain who will assist with delivery.
- d) Investors, land and infrastructure related parties who will need to be engaged to assist delivery.
- e) Potential influencers in the shape of government policy, economic factors and neighbouring authority decision makers.

5.2 Stakeholder mapping

5.2.1 Key stakeholders for the Company and its activities will be identified and analysis will be carried out to determine the level of interest and influence each stakeholder has. This analysis allows the Company to plan its levels of engagement and frequency of communication with stakeholders based on their interest and influence, and also the nature of relationships with the Company.



6 Quality Assurance and Monitoring

6.1 SWOT Analysis

6.1.1 The company will operate on a scheme by scheme basis, delivering discrete, viable schemes for delivery within Harlow. Each scheme will require the letting of contracts for scheme designers, civil and building contractors, and project managers, and performance indicators and measures of quality of product and service will be included as a contractual requirement to maintain high quality product delivery. Each scheme will be evaluated at completion to allow continuous quality improvement to be built into performance measures and indicators for subsequent schemes.

6.1.2 In order to more fully understand the position of the company at the commencement of trading the following SWOT analysis has been undertaken –

Strengths	Weaknesses
<ul style="list-style-type: none"> • The Company will help support the Council in the delivery of affordable housing within the area. • The existing property management skills available within the Council can be used to support the business. • Long term capital growth. • Income generated for the Council through loan interest payments, direct service provision and potential profits. 	<ul style="list-style-type: none"> • Initially a lack of experience/trading history in the rental market directly within the company. • Risk of impacting on the local housing market through direct intervention. • Currently direct delivery of new build properties is proving to be unviable. • Lack of experience of housing development/construction.
Opportunities	Threats
<ul style="list-style-type: none"> • Increase in the availability of high quality well managed housing in the area. • Support for local people to rent a home. • Potential for the increase in company value through long term capital growth. • Ability to create strong links between the company and HTS (P&E) Ltd for void and property repairs works. • Potential future opportunities may occur for commercial development. 	<ul style="list-style-type: none"> • Government intervention in council companies and borrowing. • Government intervention through expansion of Right to Buy scheme. • Increases in interest rates. • In ability to achieve the target rents across the portfolio.

6.2 Risk management

6.2.1 Based upon the SWOT analysis risks have been assessed and have been grouped into political, economic, social/cultural, operational/technological and legal risk categories as detailed in Appendix 1. The keys risks are related to economic uncertainty following the UK's departure from the EU and the need to formalise board structures early on and make arrangements for resourcing the company in areas of key delivery. These latter two risks can be reduced significantly through early action on adoption of full suite of governance documents, whereby the residual risk is reduced significantly.

7 Resources

7.1.1 In order to deliver the required service and meet our Vision, Mission and Strategic Objectives, the Company will require access to start up and investment funding. The Company will source this funding through the Council subject to approval as sole shareholder, The Company will repay any loan facilities including interest to the Council over the agreed loan period (s). The Company will require start-up funding to commence property acquisition and develop its asset base. Enabler and infrastructure elements required for the company to operate are considered below:

- a) Provision of funding to the Company.
 - i) The Company will require some level of working capital. Subject to approval the Council will be the sole source of funding which will be repayable over a set period. The Council as lender must ensure that the terms on which any loan is made (and in particular the interest rate set) reflect market tested commercial terms and comply with EU State Aid rules.
 - ii) The Council will apply interest rates consistent with State Aid guidance. to enable a rate to be determined that is commercially attractive to the company whilst remaining compliant with the guidelines. The rate will be determined by considering the creditworthiness and collateralisation applicable to the loan
- b) Provision of non-financial support (e.g. back office services)
 - i) The Company will seek to secure services directly from the Council in relation to back office, where appropriate. A recharge model will not necessarily be appropriate as the 'market' cost could be higher or lower than the Council's cost of providing the support.
- c) Banking and accounting arrangements
 - i) The Company will require full banking services and will need to feed into group accounts each financial year.
- d) Specialist support
 - i) Use of the Council's PamWin software, which will be used to appraise investment and scheme viability, resource utilisation and financial requirements for schemes, and project management support may be utilised via SLAs or short term secondments where schemes require this.
- e) Office space and IT equipment
 - i) Should these services be required by the Company they will again be sourced through either HTS Group or the Council under Service Level Agreements which will need to be included in company overhead and recovered through the rental income generated by the assets.

- f) Acquisition of the Sites
 - i) Should the opportunity to enter into arrangements for the delivery of new developments occur market value transfers of sites would usually be done by either providing funding to the Company to acquire sites or agreeing for debt to be issued in the Company to the market value of those sites. The likely way forward would be for the Company to issue share capital to the value of sites. Analysis of this approach will be required to assess compliance with the Market Economy Operator Principle, including the type of shares to be used and consideration of whether a market seller would be willing to accept this form of consideration.
 - ii) A further alternative could be for the Company to secure through the Council (or other land owner) a licence to develop on the land during the construction phase with a valuation upon completion. A financial or paper transaction such as shares could then be instigated at development completion albeit at a higher cost to the Company than the valuation immediately prior to planning and construction processes having been carried out.
- g) Legal requirements and insurance
 - i) The Company will seek to secure these services from the Council through Service level Agreements to be built into scheme delivery costs. External legal advice would only be needed where conflicts of interests arise or where capacity issues may put property acquisitions at risk.
- h) Supply chain
 - i) Contracts will need to be made directly by the Company, either through service level agreements with clients, on a shared services model, as described above or as part of bespoke delivery contracts, tendered on a scheme by scheme basis.

7.2 Assets

7.2.1 The Company will hold no assets at point of trade but will seek to acquire assets at an early stage for the purposes of holding property for rent. Any other development undertaken on behalf of the Council will not proceed until financial viability has been demonstrated and having been awarded to HTS (H&R) Ltd under Teckal arrangements.

7.3 Land

7.3.1 When it is financially possible to undertake direct development of housing and other schemes on behalf of the Council then transfers of any land holding to the Company must follow due legal process.

7.3.2 General Fund land - any land transferred to the company held within the General Fund will be subject to compliance with section 123 Local Government Act 1972 (disposal of land for best consideration), including compliance with general consents for disposal at less than best consideration if the scheme in question can demonstrably achieve improvements in economic and social

wellbeing (as long as the difference between the unrestricted value of the land and the consideration for the disposal does not exceed £2million).

- 7.3.3 HRA land – under Part II of the 1985 Housing Act proposed disposals (which would include transfer to the company) requires Secretary of State approval or application of general consents under the Act. Therefore general consents may be applicable if disposals made are one of the first 5 made in a year, and for vacant sites i.e. those where the land being disposed of is not subject to a secure, introductory or demoted tenancy.
- 7.3.4 If required for scheme delivery land transfer to the Company will be considered in reference to the above and where appropriate will be transferred to the company by the Council. It may be required for HRA land to be appropriated as General Fund land or vice versa, to allow delivery of the required housing and commercial mix to maximise development opportunities. The Company recognises that any such transfers will be subject to the Council seeking Cabinet approval and due process being followed, before a market rate transfer to the Company.
- 7.3.5 For any future estate regeneration the Council will undertake schemes and fund them through HRA borrowing, however, whilst the Company could be engaged to undertake the redevelopment work ownership would remain within the HRA and the Council by virtue of Part II of the 1985 Housing Act.

7.4 Support services

- 7.4.1 Services including housing management, insurance, legal support (unless conflicted, the Company will use shareholder approved legal representation), procurement and IT, can be agreed with the Council under a Service Level Agreement.

7.5 Procurement

- 7.5.1 The Company's financial regulations and procurement strategy will align with those of Harlow Council. These include procurement aspirations to combat modern slavery, encourage apprenticeships where appropriate, not using zero hours contracts and encourage suppliers to pay a Living Wage. Under Teckal arrangements, along with the rest of the Group, as a contracting authority, HTS (Housing and Regeneration) Ltd will be able to access the same frameworks as a public body, including Crown Commercial Services. Access to the Crown Commercial Services Project Management and Forward Design team services (RM3741) framework in particular could secure necessary services to enable scheme delivery through the Company. The Company will demonstrate best value for all works for which it is considered for delivery, adopting a Business Case approach similar to that of HTS (Property and Environment) Ltd, whereby Value for Money criteria are demonstrated on a scheme by scheme basis prior to award, taking into account added value to local economy and corporate responsibility benefits.

7.6 Contracts

- 7.6.1 The JCT form of contract previously agreed and currently utilised by HTS (Property and Environment) Ltd will be utilised as a standard form of contract for engaging services with HTS (Property and Environment) Ltd, following a successful business case award for works. This should be considered as the

preferred form of contract when delivering via other parties unless deemed inappropriate for a given scheme – to be determined prior to the company commencing its tender process for a scheme.

7.7 Delivery networks

7.7.1 The Company will look to a variety of delivery options for individual housing and commercial schemes, always seeking to achieve best value in fulfilling the Council's corporate objectives. The Business Plan of HTS (Property and Environment) Ltd includes new housing provision and commercial developments, via successful business case awards which the Company will look to make use of.

8 Finances

8.1.1 The Company will manage its finances via the Board initially, with each scheme identifying its own financial requirements and the option to either buy in external accountancy services for production of financial reporting and accounts, or receive these from the Council under an SLA. Where viable schemes are identified by Harlow Council these will be considered under a business case process with the company before works are awarded.

8.1.2 In the initial trading period whilst the key objective of the business is to acquire, renovate and rent properties in the local market assumptions have been made regarding potential rental levels. Whilst rents will be directly aligned to property type social rents will be aligned to existing council rent levels, affordable rents will be aligned to LHA rates and up to 80% of market rents with some properties being let at full market rent to ensure the business model remains viable.

8.1.3 Other financial assumptions underpinning the initial trading position of the business include -

- Market price of properties in the local area and target prices for acquisition.
- Allowances for renovations/modernisations to be carried out to ensure properties are of a high quality prior to letting.
- Transaction costs to facilitate the purchases including associated legal fees, inspection/survey and landlords certificates.
- Ongoing ownership costs have been assumed to be aligned to the existing costs of the local authority stock.

8.2 Details of loan/investment requirements

8.2.1 Debt can be raised either on private money markets or via the Public Works Loans Board (PWLB) under the prudential borrowing regime. PWLB funds borrowed by Harlow Council can be lent on to the Company with an interest rate margin set at a rate to be compliant with State Aid rules (see section 7 above). Any loan facility will be subject to a written agreement, which will set the agreed interest rate and period, and will also detail: the mechanism for drawdown, making of advances, repayment, final repayment arrangements, recovery, voluntary prepayment and cancellation. Any transfer of land or other assets will be at market rate and subject to a similar agreement, setting out permitted parameters of use and ownership along with charges being held against the company assets to the value of the loans made.

8.3 Tax implications and liabilities

8.3.1 There are a number of tax considerations for the Company including Stamp Duty Land Tax (SDLT), VAT and Corporation Tax.

- a) While transfers of land and property from a local authority to a wholly owned LATC should be exempt for Stamp Duty Land Tax under group relief, claw back of the relief could apply up to three years after the transfer should the Company leave the group at a time it still holds the land or property.
- b) The Company will need to be registered for VAT and will not share special VAT status with the Council, so understanding of VAT status of goods and services, especially relating to land and buildings, will be key for keeping costs to a minimum.
- c) The Company will register for Corporation Tax at point of trading. However, whilst it is trading solely for the Council, the Company will be able to apply to HMRC for a dispensation on Corporation Tax. Should the Company make a loss then, depending on circumstances, the loss could be transferred to another group company in the same period, or carried forward to future periods.

9 Appendices

Appendix 1 – Risk register

Glossary of terms/abbreviations used

EU - European Union
EZ - Enterprise Zone
GF - General Fund of Harlow Council
HMRC - Her Majesty's Revenues and Customs
HRA - Housing Revenue Account of Harlow Council
JCT - Joint Contracts Tribunal
LATC - Local Authority Trading Company
LHA - Local Housing Allowance
PWLB - Public Works Loans Board
SHMA - Strategic Housing Market Assessment
SLA - Service Level Agreement
VAT - Value Added Tax

No	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)
						Likelihood	Impact	Score		Likelihood	Impact	Score	Likelihood	Impact	Score	
Political																
H&R POL1	If there is lack of "buy-in" from Councillors to HTS (H&R) Ltd then process may be delayed.	Differing political motivations from each political party could cause conflict in decision making if Councillors are not fully informed	No call in of initial decision June 2018	Difficult to establish clear direction.	B Keane	2	3	9	Regular updates to Councillors throughout the implementation phase to keep them fully informed.	1	3	6	2	3	9	Monitor implementation in line with Project Plan
H&R POL2	If there is a change in Cabinet then make up of Board and SH Sub Committee could change	Local Elections take place in May 2019 which may change the political membership of the HTS board and sub-committee	Councillor appointments to Board have not yet been made; 2 Members of SSC up for re-election in 2019 - since the outcome is unknown, contingency arrangements should take account of possible changes.	Councillors previously involved in the project may no longer be in Cabinet/eligible to be on board/shareholder sub committee. Different political make up of Cabinet could impact direction.	C O'Boyle	3	3	13	Decision regarding option of LATC commenced before local elections in May 2019, make up of Board and Shareholder subcommittee could change if affected Members not re-elected however role and activity of Board and Shareholder Subcommittee would not be affected, but some training of any new members would be required.	3	3	13	2	2	5	Early engagement with any new Councillors involved in HTS after local election
H&R POL3	If Members do not act appropriately when they are directors of HTS they may be open to disqualification	New role for individuals who may not know what their legal responsibilities are as directors of a Company	Lack of formal training prior to initial HTS board meetings could lead to inadvertent poor decision making	Individuals could be disqualified from future similar posts and prevented from involvement in their own businesses. Reputational	C O'Boyle	2	5	19	Director's duties training session to be provided to initial board members and handbook to be provided for Directors. Adoption of Governance documents (Business Plan, Articles of Association, Scheme of delegation) support and direct Director responsibilities and actions	1	3	6	1	3	6	
H&R POL4	If stated outcomes are not achieved through company then reputation of Council will be affected	Council has publically stated its intentions to build new Council housing	Risks realised to date do not suggest outcomes will not be achieved	Company is not only route for new houses to be built, though is the preferred route	B Keane	1	4	10	Project Board in place and project management and strategic oversight from officers and members also in place so that progress against outcomes is well understood and shared	1	3	6	1	3	6	
Economical																
H&R ECO 1	If HTS (H&R) Ltd is unable to compete in market long term to obtain best deals in the supply chain then Council will not receive benefits of lower prices	Lack of commercial leverage in supply market due to limited expenditure in market may be experienced as HTS (H&R) Ltd ability to achieve economies of scale may be limited by its size and teckel constraints	HTS (H&R) Ltd may not be able to initially secure favourable contracts whilst it is being established without strong negotiation/use of local government frameworks	Prices paid for goods and services may not be the most economically advantageous	S Freeman	5	4	23	Financial modelling includes a 5% higher price and ability for an LATC to use Crown Commercial Services frameworks exists. HTS can make use of other procurement frameworks to ensure best value	3	3	13	2	3	9	Ensure that the appropriate procurement capacity is available.
H&R ECO 2	If HTS (H&R) Ltd is insolvent (technically or otherwise) it is unable to operate and service provision will fail	Insolvent companies must cease trading to avoid any Director Liability	Council is sole client of HTS (H&R) Ltd and therefore guaranteed income from February 2017 means that financial solvency is assured	Service provision ceases. Directors have indemnity built into Articles and underwritten with D&O insurance insulating against personal liability in absence of wrongful trading	C O'Boyle	2	5	19	Use of facilities agreement allows working capital into HTS (H&R) Ltd in a manner that is state aid compliant	1	5	15	1	5	15	None
H&R ECO 3	If economic uncertainty is prolonged following EU referendum result then there could be a negative impact on operational costs	Government referendum on membership of EU returned a result in favour of leaving the Union, however mechanism around this is unknown and initial market reaction has been negative with currency markets and stock markets dropping	Situation changes daily and government and opposition leadership changes not due to settle until September at the earliest	Unknown, budget assumptions and cost of supplies/contractors may change significantly if certain costs rise or lending falls, or suppliers pull out of the UK/freeze operations or reduce operating bases	S Freeman	4	3	17	Monitor markets and lending and respond accordingly, currently no specific forecast affecting project, but likely to change regularly	4	3	17	4	3	17	None
Social/Cultural																
H&R CUL1	If there is failure to consider the impact of the change on all members of society and those impacted by the project then the Council will be criticised and face potential legal action	Failure to keep up to date and review the equalities impact assessment (EIA) may mean that requirements of Equalities Act are not met	Low likelihood, Harlow Council is familiar with duty through its own service provision and Board members will act with this in mind to update EIA.	Criticism from stakeholders and action taken which does not properly adhere to requirements of equalities Act	C O'Boyle	2	4	14	Equality impact assessment to be carried out in late 2018 and will be reviewed periodically	1	3	6	1	3	6	Continued EIA monitoring

No	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)
						Likelihood	Impact	Score		Likelihood	Impact	Score	Likelihood	Impact	Score	
H&R CUL2	If Decision making routes are unclear or proper accountability not in place, then transition may be delayed or not take place	Decisions regarding financial expenditure and key operating structures need to be made quickly due to timeframe for delivery	Absence of governance documents mean that no decisions can be made by Board or managing Director	Failure to make and implement decisions. Failure to start procurement processes in time for delivery of goods, services and infrastructure. Stifling of innovation due to inability of HTS (H&R) Ltd to make early decisions for itself may result in opportunities to make efficiencies being missed.	B Keane	5	5	25	Articles and Scheme of delegations will reflect Council requirements and enable good decision making and accountability.	1	3	6	1	3	6	Adopt articles and scheme of delegation
H&R CUL3	If there is a lack of stakeholder engagement then progress may be delayed	Failure to engage all recognised stakeholder groups may result in some individuals or groups working against aims of HTS (H&R) Ltd	Without action likelihood is high	There may be lack of support from certain groups.	B Keane	4	4	21	Stakeholders have been engaged and Officers will continue to engage whilst implementing the change	3	3	13	3	3	13	On-going stakeholder engagement
Operational/Technological																
H&R OP1	If there is limited availability of appropriate land then new building cannot take place	The Council owns a large amount of land, but considerations of Local Plan allocations and restrictive covenants must be given, along with access issues for site traffic and adjoining ownership issues	The Council's Asset management plan has reviewed currently underdeveloped parcels of land and Local Plan is in next stage so land availability is well understood	Without access to Council owned land for delivery the company may find scheme viability costs increase	J Greer	2	4	14		2	4	14	2	4	14	
H&R OP2	If scheme viability for new development and regeneration is not proven no activity will occur	Changing market conditions due to outside factors, including Brexit, changes viability of schemes	Pipeline of possible schemes is mapped out and HDC Regeneration team working on forward planning for this	Without viable schemes for delivery the company will have nothing to deliver and may be wound up	S Freeman	3	5	22	Purchase by HDC of software to model viability - costs and rental incomes for schemes allows good understanding and development of pipeline	1	5	15	1	4	10	
H&R OP3	If planning and consultation provides negative outcomes then viable schemes may not go ahead	Public duty to consult on local authority activities, and Planning regulations means that public feedback must be sought for schemes	Depending on size and nature of developments public perception may be negative	Where planning applications are not approved schemes cannot go ahead	S Freeman	3	5	22	Pre-consultations for any schemes and communication strategies will mitigate risk and schemes that are not desirable can be shelved if required before any costs are incurred	1	5	15	1	5	15	
H&R OP4	If there is not enough capacity in required supply chain specialisms to deliver required activities then schemes may not go ahead	As demands on construction industry change through market conditions and availability of labour construction skillsets may be in higher demand if numbers of skilled persons decrease or funding for projects reduces and jobs are lost	Some uncertainties in local markets exist surrounding timings for HGTT start dates and how market will respond, could work in company's favour or against them if timings mean there is a surplus/shortage of specific skills	Without required skilled persons build timescales will slip, leading to increased costs and threatening viability of the scheme	S Freeman	4	4	21	Early engagement with market and good supply chain relationships/management should secure required skillsets contractually to deliver the pipeline	3	4	18	2	4	14	Contract single delivery partner to deliver entire pipeline to cover skillsets not held within HTS (P&E) Ltd
H&R OP5	If there is no availability of Contract administration and management skills then delivery of schemes may be delayed until this can be externally procured	Model requires strong contract management processes	skilled individuals to support this in Council will need to be allowed to prioritise projects accordingly	Delay to schemes may have knock on financial impacts meaning schemes are no longer viable	J Greer	2	4	14	Corporate priorities are clear and service planning process should highlight key projects and resources required in advance	1	4	10	1	4	10	
Legal																
H&R LEG1	If there are no or insufficient dedicated staff working on the project within Council then HTS (H&R) Ltd will not be in place for in agreed timescales	Insufficient resources and time	Council business as us	Failure to deliver the service, Project slippage or not completed to required standard or to best value	B Keane	4	5	24	The financial modelling includes sufficient provision for HTS (H&R) Ltd needs. Appointment of external legal support can be considered if required, plus in-house dedicated solicitor.	2	5	19	1	5	15	Sufficient financial provision to procure specialist support
H&R LEG2	If there is a lack of suitably qualified and experienced staff to run HTS (H&R) Ltd then required quality of service provision may not be achieved	Existing expertise within HDC may be required to act for the company or service to the company.		Failure to deliver the service	S Freeman	4	5	24	Early engagement with HDC SMB to ascertain any possible resource, and recruitment of consultants where required to be considered asap.	1	3	6	1	3	6	None
H&R LEG3	If there is failure to comply with legislation in connection with procurement of supply chain then delays may occur and fines levied	Failure to identify properly the procurement needs of the services		Delays in procuring appropriate supply chain. Potential legal challenge. Fine from Commission	C O'Boyle	2	4	14	None	1	3	6	1	3	6	Ensure that all procurement is in accordance with the Council's Standing Orders and Financial Regulations
H&R	If Teckal tests are not met								Ensure that corporate documents demonstrate that HTS (H&R) Ltd meets all Teckal tests including business plan trading. If trading with third parties looks like it will be a prominent part of HTS (H&R) Ltd's work							None

	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)
						Likelihood	Impact	Score		Likelihood	Impact	Score	Likelihood	Impact	Score	
H&R LEG5	If other providers of similar services challenge the direct award of the contract to HTS the Council will have to deal with a formal or informal procurement challenge				C O'Boyle	3	5	22	Ensure that corporate documents demonstrate that HTS (H&R) Ltd meets all Teckal tests including business plan trading. If trading with third parties looks like it will be a prominent part of HTS (H&R) Ltd's work consider setting up trading arm. Publication of HDC's decision on website and publication of contract award notice will also help to mitigate against longer term risk of challenge.	1	3	6	1	3	6	None
H&R LEG6	If there is insufficient leadership to provide strategic direction to the early months of the HTS set up then key decisions cannot be made	Need for strategic direction, and decision making	High until strategy for resources is set	Delays in decision making, lack of strategy, costly decisions or changing decisions which increase costs	B Keane	4	5	24	Quick decision on key delivery mechanisms	3	4	18	2	4	14	Consider secondment of staff into company for mobilisation

Company Registration No. 09929960 (England and Wales)

HTS GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

HTS GROUP LIMITED

COMPANY INFORMATION

Directors	Mr M A Harrowven Councillor J Charles Councillor R V Davis Councillor J Strachan	(Appointed 24 June 2020) (Appointed 24 June 2020)
Secretary	Mr J A Morris	
Company number	09929960	
Registered office	The Civic Centre The Water Gardens College Square Harlow Essex CM20 1WG	
Auditor	Ensors Accountants LLP Cardinal House 46 St Nicholas Street Ipswich Suffolk IP1 1TT	
Business address	Mead Park Industrial Estate River Way Harlow Essex CM20 2SE	

HTS GROUP LIMITED

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HTS GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Fair review of the business

During the year the company acquired 100% of the share capital in HTS (Housing and Regeneration) Ltd. This company is currently dormant.

The other subsidiary HTS (Property and Environment) Ltd is trading and continues to be profitable.

By order of the board



.....

Mr J A Morris

Secretary

8 July 2020.....

HTS GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of a holding company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M A Harrowven	
Councillor S N Carter	(Resigned 24 June 2020)
Councillor J Charles	(Appointed 24 June 2020)
Councillor R V Davis	
Councillor J Strachan	(Appointed 24 June 2020)
Councillor C J Vince	(Resigned 2 June 2020)

Results and dividends

The company has not traded during the current or preceding year. It received no income and incurred no expenditure, and therefore made neither profit nor loss.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Ensors Accountants LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



.....
Mr J A Morris
Secretary

Date: 8th July 2020.

HTS GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT *FOR THE YEAR ENDED 31 MARCH 2020*

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HTS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF HTS GROUP LIMITED

Opinion

We have audited the financial statements of HTS Group Limited (the 'company') for the year ended 31 March 2020 which comprise , the statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

HTS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF HTS GROUP LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.



Barry Gostling (Senior Statutory Auditor)
for and on behalf of Ensors Accountants LLP

13 July 2020

Chartered Accountants
Statutory Auditor

Cardinal House
46 St Nicholas Street
Ipswich
Suffolk
IP1 1TT

HTS GROUP LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	4		2		1
Current assets					
Debtors	6	1		1	
Creditors: amounts falling due within one year	7	<u>(2)</u>		<u>(1)</u>	
Net current liabilities			<u>(1)</u>		<u>-</u>
Total assets less current liabilities			<u>1</u>		<u>1</u>
Capital and reserves					
Called up share capital	8		<u>1</u>		<u>1</u>

The financial statements were approved by the board of directors and authorised for issue on 8th July 2020 and are signed on its behalf by:



.....
Mr M A Harrowven
Director

Company Registration No. 09929960

HTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

HTS Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Civic Centre, The Water Gardens, College Square, Harlow, Essex, CM20 1WG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

HTS Group Limited is a wholly owned subsidiary of Harlow District Council and the results of HTS Group Limited are included in the consolidated financial statements of Harlow District Council which are available from The Civic Centre, The Water Gardens, College Square, Harlow. Essex. CM20 1WG.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Profit and loss account

The company has not traded during the year or the preceding financial period. During this time the company received no income and incurred no expenditure and therefore no Profit and loss account is presented in these financial statements.

HTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

HTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

		2020 Number	2019 Number
		4	4
		=====	=====
4 Fixed asset investments			
	Notes	2020 £	2019 £
Investments in subsidiaries	5	2	1
		=====	=====

HTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

4 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2019	1
Additions	1
	<hr/>
At 31 March 2020	2
	<hr/>
Carrying amount	
At 31 March 2020	2
	<hr/>
At 31 March 2019	1
	<hr/>

5 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
HTS (Property & Environment) Ltd	The Civic Centre, The Water Gardens, College Square, Harlow. Essex. CM20 1WG.	Ordinary	100.00
HTS (Housing and Regeneration) Ltd	As above	Ordinary	100.00

6 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Unpaid share capital	1	1
	<hr/>	<hr/>

7 Creditors: amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	2	1
	<hr/>	<hr/>

HTS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

8	Share capital	2020	2019
		£	£
	Ordinary share capital		
	Issued and not fully paid		
	1 Ordinary Share of £1 each	1	1
		<u>1</u>	<u>1</u>

9 Ultimate controlling party

The parent company of HTS Group Ltd is Harlow District Council and its registered office is The Civic Centre, The Water Gardens, College Square, Harlow. Essex. CM20 1WG.

Report of:	Title:	
Neil Rowland	Commercial Director	
Purpose	Report title:	Date:
Decision	Scheme of Delegation	23 July 2020

'Proudly serving Harlow'

RECOMMENDED that:

- A. The HTS (Housing and Regeneration) Limited Scheme of Delegation as attached in Appendix A, be approved for the Pilot Properties.

REASON FOR DECISION:

- A. To enable HTS (Housing & Regeneration) Limited, a company wholly owned by the Council, to commence trading. This Scheme of Delegation sets down the authority delegated by the shareholder to the Managing Director, HTS (H&R) Board and HTS Group.
- B. The Scheme of Delegation empowers and enables timely and effective action by The Managing Director and HTS (H&R) Board. It ensures an appropriate level of delegation from the Shareholder so that there is effective input into decision-making.

BACKGROUND:

- A. The Council has established its own housing company, HTS (Housing and Regeneration) Limited, with the ambition to utilise the business to further help and support the Council in its delivery of housing and supporting other regeneration schemes within the town.
- B. The three governance documents, The Scheme of Delegation, Articles of Association and Business Plan will be inter-linked and inter-dependent, and any changes must be approved by the Shareholder Sub- Committee. Combined they will determine the final decision-making powers and strategic direction and activities of the Company.

KEY POINTS:

Management Decisions – Corporate Matters

The Managing Director and Board is delegated to manage the proper use of the operational, budgetary, property, staffing and other resources of H&R within the attached Delegation Matrix.

Subject to the limits and conditions outlined, they are authorised to commit the company to incur expenditure within the approved limits.

The Managing Director and Board is specifically:

1. delegated the authority, for the engagement of contractors (being skilled service/trades people) to commit the Company to expenditure per contractor between the threshold of £25,000 and £150,000 for which there is provision in the approved budget plan for the year. During the pilot scheme, this

delegated authority will be used to place an order with HTS (P&E) to carry out any refurbishment work required to the purchased properties prior to letting. Subsequent ongoing maintenance and compliance requirements will also be required.

2. delegated the authority, for the acquisition or disposal of a property (i.e. land interest and the exercising of any option in relation to land), as long as it is in the contemplation of the Business Plan otherwise the final decision must be escalated to the Shareholder. This authority will allow the board to approve the purchase of the pilot properties without reference back to the shareholder for approval.
3. delegated the authority, to award of service contracts (for any contract not covered by delegation items above) if the life-time value of the contract is below £150,000. It is proposed that a service contract will be required with Harlow Council to deliver Housing Management Services via and Service Level Agreement.
4. delegated the authority, to approve statutory accounts.
5. delegated the authority, to appoint or dismiss auditors.
6. delegated the authority, to write down of Holdco or Opco asset value, or writing off debts up to £20,000 per event.

Similarly, certain decisions can only be made by the shareholder, specifically:

1. any decision that is not contemplated within the current Business Plan.
2. approval and adoption of the Opco Business Plan and material amendments thereto.
3. save for in relation to land, acquiring, disposing or agreeing to acquire or dispose of, any tangible physical asset of the business, or of any intellectual property rights held by HTS (H&R), or of any interest in any asset of the Business, including the right to exercise an option.
4. alteration of authorised or issued share capital, or classification thereof, allotment of share capital or securities, granting options or rights to subscribe to the issuing of share capital.
5. termination by HTS companies of any of their material contracts, where this will have a material impact on the delivery of services by HDC.

CONCLUSION

It is recommended that the Board approve the Scheme of Delegation for the acquisition of the Pilot Properties.

Should a decision be made to expand the acquisition programme further discussions will be required to amend the current Scheme of Delegation to ensure the Company to operate in the market.

Delegations Matrix

This Delegations Matrix is to be reviewed annually at the respective annual general meetings (or equivalent) of both HTS Group Limited (“Holdco”) and HTS (Housing and Regeneration) Limited (“Opco”/“HTS (H&R)”) (collectively “HTS Group”), as part of which any proposed variations can be raised by either Holdco or Opco.

Holdco and Opco Boards, and their Directors, shall in all cases consider whether, notwithstanding the delegations below, a matter for decision may require reference to Harlow District Council (“HDC”) (e.g. due to the reputational or other potential impacts on HDC as shareholder or otherwise) and, if appropriate, obtain independent professional advice to inform their decision.

	Activity	HDC as Shareholder of Holdco	Holdco Board	Holdco Director(s)	Opco Board	Managing Director
	Corporate matters					
1	Amendments to the Delegation Policy: <ul style="list-style-type: none"> as between HDC and Holdco; as between Holdco and Opco 	Decision	Recommendation Decision			
2	Approval and adoption of the Opco Business Plan and material amendments thereto	Decision	Recommendation		Recommendation	Preparing draft Business Plan
3	Material alteration of the nature/scope of the Holdco or Opco business, closing down/commencing any	Decision	Recommendation		Recommendation	

	Activity	HDC as Shareholder of Holdco	Holdco Board	Holdco Director(s)	Opco Board	Managing Director
	new business, which is not ancillary or otherwise incidental to the Business Plan and/or Articles					
4	Save for in relation to land, acquiring, disposing or agreeing to acquire or dispose of, any tangible physical asset of the business, or of any intellectual property rights held by HTS (H&R), or of any interest in any asset of the Business, including the right to exercise an option	Decision				
5	Declaring or paying any distribution in respect of surpluses, assets or reserves of Holdco and Opco	Decision	Recommendation		Recommendation	
6	Forming any Subsidiary	Decision				
7	Acquiring shares in any other company (subscription or transfer) or any other similar interest in another entity including	Decision				

	Activity	HDC as Shareholder of Holdco	Holdco Board	Holdco Director(s)	Opco Board	Managing Director
	a limited liability partnership or limited partnership, entering into joint ventures or partnerships or profit sharing.					
8	Alteration of authorised or issued share capital, or classification thereof, allotment of share capital or securities, granting options or rights to subscribe to the issuing of share capital.	Decision				
9	Making any petition or passing any resolution to wind up either Holdco/Opco or making any application for an administration or winding up order or any order having similar effect in relation to either Holdco/Opco or giving notice of intention to appoint an administrator or file a notice of appointment of an administrator.	Decision	Recommendation			

	Activity	HDC as Shareholder of Holdco	Holdco Board	Holdco Director(s)	Opco Board	Managing Director
	Operational matters					
10	Adoption HTS (H&R) Policies and Procedures					Decision
11	Recruitment and selection of Employees and including the engagement of (and terms of engagement) of consultants and or other such agency workers (being third parties) and entering into Secondment Arrangements.	Decision (if outside of the contemplation of the Business Plan)			Decision to appoint Opco Managing Director (in accordance with the principles of HTS policies).	Authorised to appoint all other Opco roles reporting to and consulting with the Opco Board where considered appropriate (in accordance within the principles of HTS policies), and in contemplation of the Business Plan.
12	The engagement of (and terms of engagement) of contractors (being skilled service/trades people).	Decision if a value in excess of £250,00 (Decision if a value of between £150,000 and £250,000 (contract value)		Decision if a value of between £25,000 and £150,000 (contract value).	Decision if a value of up to £25,000 (contract value).
13	Acquisition or disposal of a property (i.e. land) interest and the exercising of any option in relation to land)	Decision if not within the contemplation of the Business Plan			Decision (if within the contemplation or ancillary to the Business Plan)	
14	Submission of any planning application (or appeals), entering into					Decision (if within the contemplation or ancillary to the Business Plan)

	Activity	HDC as Shareholder of Holdco	Holdco Board	Holdco Director(s)	Opco Board	Managing Director
	deeds (easements, wayleaves, etc.) or other such matters including licences for works, licences to enter and highways agreements					
15	<p>Entry into confidentiality agreements</p> <p>(depending on which company is giving)</p> <p>(**NOTE: all such confidentiality agreements shall not preclude the sharing of information with HDC and shall be reported by Opco at Holdco board meetings as a standard agenda item**)</p>			Decision		Decision
16	Award of service contracts (for any contract not covered by delegation items 11 and 12)	Decision (if outside of the contemplation of the Business Plan or in whole life spend under the contract in excess of £100,000)			Decision if a value whole life spend under the contract below £100,000 (contract value and within the contemplation of the business plan)	

	Activity	HDC as Shareholder of Holdco	Holdco Board	Holdco Director(s)	Opco Board	Managing Director
17	Amendments, variations and extension to contracts not contemplated in contract documentation, procurement processes	Decision (if outside of the contemplation of the Business Plan)			Decision if a value of above £100,000 (value of contract variation) within the principles of HTS policies and after taking appropriate professional advice.	Decision if a value of up to £99,999 (value of contract variation) in consultation with the Financial; Director within the principles of HTS policies and after taking appropriate professional advice. Decision if a value between £50,001 - £150,000, within the principles of HTS policies and after taking appropriate professional advice.

	Activity	HDC as Shareholder of Holdco	Holdco Board	Holdco Director(s)	Opco Board	Managing Director
18	Commencing any claim, proceedings or other litigation brought by or settling or defending any claim, proceedings or other litigation brought against Holdco (or Opco), except in relation to debt collection in the ordinary course of business (where the claim, proceedings or other litigation has a potentially material impact on the reputation of HDC/Holdco/Opco or has a potential material cost implication for HDC/Holdco/Opco).	Approval required where the claim, proceedings or other litigation has a potentially material impact on the reputation of HDC/HoldCo/OpCo or has a potential material cost implication for HDC/HoldCo/OpCo.			Authorised to commence all claims, proceedings or other litigation not subject to column 3 (“HDC as Shareholder of Holdco”) within the principles of HTS (H&R) policies and after taking appropriate independent professional advice.	
19	Termination by HTS companies of any of their material contracts, where this will have a material impact on the delivery of services by HDC.	Decision	Recommendation		Recommendation	

	Activity	HDC as Shareholder of Holdco	Holdco Board	Holdco Director(s)	Opco Board	Managing Director
20	Disposing of a substantial part of the business and/or assets outside of the scope of the Business Plan	Decision			Recommendation	
	Finance					
21	Authorising internal HDC audit of HoldCo/OpCo	Decision				
22	Approval of statutory accounts.		Decision		Decision	
23	Changing accounting and reporting policies of Holdco and/or Opco.	Decision	Recommendation		Recommendation	
24	Approving the repayment of any external loans.	Decision			Recommendation (e.g. early repayment)	
25	Entering into (or agreeing to enter into) any borrowing or leasing arrangement in relation	Decision				
26	Giving any security in respect of any borrowing or leasing arrangement (as	Decision	Recommendation		Recommendation	

	Activity	HDC as Shareholder of Holdco	Holdco Board	Holdco Director(s)	Opco Board	Managing Director
	contemplated by line item 28 above), including creating any encumbrance over the whole or any part of the undertaking.					
27	Appointment/dismissal of auditors.	Consulted			Decision	
28	Giving a guarantee, suretyship, bond or indemnity to secure the liabilities of any person or assume the obligations of any person.	Decision			Recommendation	
29	Write down of Holdco or Opco asset value, or writing off debts.	Decision above £20,000+ per event			Decision up to £20,000 per event	
30	Making any agreement with any revenue authorities or any other taxing authority or making a claim, disclaimer, election or consent in relation to Holdco, its/ their business, assets or		Decision after taking appropriate independent professional advice.		Recommendation after taking appropriate independent professional advice.	

	Activity	HDC as Shareholder of Holdco	Holdco Board	Holdco Director(s)	Opco Board	Managing Director
	undertakings.					

HTS (Housing & Regeneration) Ltd

Minutes of Board Meeting

Held on 29th July 2020 at 6pm

Via Zoom Conference Call

Present:

Director members:

- Michael Harrowven (Non-Executive Chair)
- Councillor Joel Charles (Director)
- Councillor John Strachan (Director)
- Councillor Emma Toal (Director)
- John Phillips (Managing Director) - Minutes

No	Item	Action by
1	Apologies for Absence None	Noted
2	Introductions MH welcomed Directors to the meeting.	Noted
3	Internal controls, conflicts of interest and procedural matters	
3.1	None declared	Noted
4	Matters arising	
4.1	None noted on this occasion.	Noted
5	Housing acquisition project – What’s the plan?	
5.1	JP set out key elements of the scheme: <ul style="list-style-type: none"> ▪ HTS (H&R) Ltd will act as an exemplar private landlord ▪ Housing provision will be for social rentals, affordable rentals and market rentals ▪ Overall a model of 1:1:1 social, affordable and market provides a positive yield return on investment 	

	<ul style="list-style-type: none"> ▪ Borrowing to purchase properties will come through a loan agreement with our Shareholder with interest being paid at a commercial rate ▪ Tenancy arrangements will be through assured tenancies ▪ Secure tenancies will not be offered ▪ For the pilot HTS (H&R) Ltd will commission work packages from HDC through service level agreements. This will cover services such as property search and acquisition, legal conveyancing, lettings sign ups and housing management. HTS (H&R) Ltd will also commission work with HTS (P&E) Ltd to refurbish, compliance check and routinely maintain the properties it purchases. ▪ Regular reporting of key delivery aspects will be reported to Board to allow assessment of the project's success. 	
5.2	The Board noted that there needed to be some key criteria by which success of the pilot can be measured against.	Noted
5.3	The Board further noted that a small sample of 6 properties would not normally be considered as an appropriate sample of properties to judge the success of the scheme or otherwise.	Noted
5.4	The Board noted that a sample of say 100 properties would more represent the likely outcomes that would arise. Indeed, this has been shown to be the case where other LA's have taken such schemes forward.	Noted
6	Articles of Association	
6.1	<p>The Board noted the following points:</p> <ul style="list-style-type: none"> ▪ The wording of the legal document needed to be presented in gender neutral terms ▪ Noted that the business plan as approved by the Councils Cabinet was generally appropriate for this initial pilot project, but it needed significant work to set out fully the scope of activity envisaged by the Board. ▪ That the specific need to include for innovation within the Articles are included. 	
6.2	JP to take forward these actions.	JP
6.3	With the points being taken onboard the Board agreed to adopt the Articles of Association for HTS (H&R) Ltd	Noted
6.4	JP to provide Directors with a copy of the Business plan as approved by HDC Cabinet	JP

<p>7</p> <p>7.1</p> <p>7.2</p> <p>7.3</p>	<p>Interim Scheme of Delegation (SoD)</p> <p>The Board noted that whilst the Scheme of Delegation as presented was adequate for this pilot project it would not be appropriate for the wider scale of activity envisaged for the Company. The Board therefore required that the SoD be reviewed as work scope is developed. JP to ensure this requirement is actioned</p> <p>With this requirement the Board approved the Scheme of Delegation.</p> <p>Councillor John Strachan abstained from agreeing this item.</p>	<p>JP</p> <p>Noted</p> <p>Noted</p>
<p>8</p> <p>8.1</p> <p>8.2</p> <p>8.3</p>	<p>Assured Tenancy agreements, social rent, affordable rent and market rent</p> <p>Board Directors requested more time to consider the detail of these and it was agreed that a final decision will be made at the Board meeting scheduled for 13th August 2020.</p> <p>Board Directors to provide any comments they may have in writing to JP to allow these to be collated in advance of Board. Board papers for next meeting will be issued on 6th August.</p> <p>Councillor Charles made the following points in respect of content within the agreement:</p> <ul style="list-style-type: none"> ▪ Late payment to be defined in more detail ▪ Interest on late payment to be defined in more detail ▪ Recharges to be more specific on administrative charges that will be applied ▪ Clarity on landlord covering building insurance and tenant needing to cover content insurance to be made 	<p>Note</p> <p>Board Directors</p> <p>Noted</p>
<p>9</p> <p>9.1</p> <p>9.2</p>	<p>Initial property acquisitions</p> <p>The Board noted the report and agreed for formal offers to purchase the following properties to be actively progressed:</p> <ul style="list-style-type: none"> ▪ 22 Bynghams at £277,500 (£2500 under asking price) for Social rent ▪ 125 Red Willows at £272,500 (£7500 under asking price) for Social rent ▪ 154 Coalport Close at £287,500 (£2500 under asking price) for Market Rent <p>The Board noted that 88 The Bynghams has now been withdrawn from the market.</p> <p>The Board noted that further appropriate properties are</p>	<p>Note</p>

9.3	actively being sought and will be presented to the Board for approval to purchase as appropriate.	
10	Director and Officers Insurance	
10.1	The Board noted the report which confirmed that appropriate insurance cover is now in place to support the decisions made at this Board meeting and going forward.	Note
11	Any Other Business	
11.1	Noted that next HTS (H&R) Ltd meeting scheduled for 4 th August to be cancelled.	JP
12	Date of Next Meeting	
12.1	Thursday 13 th August at 6.00pm via Zoom conference call.	Note

Company Registration No. 09929963 (England and Wales)

**HTS (PROPERTY AND ENVIRONMENT) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

HTS (PROPERTY AND ENVIRONMENT) LIMITED

COMPANY INFORMATION

Directors	Mr M A Harrowven Mr J E C Phillips Councillor S N Carter Councillor R V Davis Councillor L Shears (Appointed 24 June 2020)
Secretary	Mr J A Morris
Company number	09929963
Registered office	The Civic Centre The Water Gardens College Square Harlow Essex CM20 1WG
Auditor	Ensors Accountants LLP Cardinal House 46 St Nicholas Street Ipswich Suffolk IP1 1TT
Business address	Mead Park Industrial Estate River Way Harlow Essex CM20 2SE

HTS (PROPERTY AND ENVIRONMENT) LIMITED

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HTS (PROPERTY AND ENVIRONMENT) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report and financial statements for the year ended 31 March 2020.

Principle activities and review of the business

The principal activities of the Company are housing maintenance, gas servicing and repair, grounds maintenance and street cleaning. The majority of the Company's activities are performed on behalf of Harlow District Council ("the Council") under a five-year contract which commenced on 1st February 2017.

The Company has made a profit on ordinary activities before taxation of £0.63m for the year ended 31st March 2020 (2019: £0.51m).

The Company measures performance in a number of ways, including contract performance, quality reviews, debt reviews and regular re-forecasting and monitoring reviews.

The Company's aim is to provide a high-quality cost-effective client facing service whilst delivering positive financial returns to its shareholders.

HTS (Property & Environment) Limited attaches great importance to its corporate responsibility as evidenced by the many community support events and conferences attended by the company, the 140 work experience placements from Harlow college and 5 apprentices employed along with charitable fund raising being examples of this.

HTS (Property & Environment) Limited recognises the importance of our wider responsibility within the local community and have been involved with a number of local initiatives.

Principal Risks and uncertainties

The Company maintain a detailed Risk Management and Internal Control system. This requires the company to:

- identify risks and record them in a risk register;
- diagnose and quantify the risks as to their likelihood and impact, record the controls established and monitor their effectiveness;
- develop a plan to mitigate the likelihood and impact of the identified risks;
- regularly review the risk registers and action plans; and
- report key issues upwards to Harlow District Council.

The key risks identified for the Company, and the mitigating actions taken, are:

Risk description	Mitigation
Construction risk	Long-Term contracts in progress are controlled and managed through regular review of forecast revenue and cost to complete.
People	The company applies rigorous health and safety policies and procedures aimed at minimising health and safety incidents that may affect the company's employees, subcontractors and members of the public who come into contact with our business activities.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Analysis of the development and performance

Safety. The Company's health and safety performance has been and will remain a key priority. In the year ended 31st March 2020, the company has had one reportable incident (2019: no reportable incidents), giving an Accident Incident Rate of 507 (this is calculated from the number of accidents occurring in the period and the total man hours worked and which is higher than our industry standard of 400). The Company will not be complacent on this important issue and remains committed to maintaining a low Accident Incident Rate.

Quality. We seek constantly to improve the quality of the service we deliver to our clients and customers. To this end we encourage all our customers to provide feedback on the service they receive from us. The results for the month of March 2020 show that HTS (Property & Environment) Limited has achieved an overall success rate of 95% (2019: 100%) against the KPI's that govern the contract.

Community. HTS employees have been active in raising funds for various charities. These activities are purely down to the commitment of our staff to be involved in fundraising activities at work and during their own time. A number of staff were involved in School visits and assisted in Harlow Council Crucial Crew initiative whereby 1,000 children were trained in life skills.

Employee Development. The company is committed to employee development and invested over £53k in the period on staff training. The company employs five apprentices and offers work experience to local schools throughout the year. In line with the strategic objectives of our partner, Harlow District Council, HTS became a living wage employer in 2017.

By order of the board



Mr J A Morris

Secretary

8 July 2020

HTS (PROPERTY AND ENVIRONMENT) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activities of the Company are housing maintenance, gas servicing and repair, grounds maintenance and street cleaning. The majority of the Company's activities are performed on behalf of Harlow District Council ("the Council") under a five year partnering contract which expires on 31st January 2022.

Results and dividends

The company made a profit after tax of £507,096 (2019: £413,298) for the year which has been included within reserves.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M A Harrowven

Mr J E C Phillips

Councillor S N Carter

Councillor R V Davis

Councillor L Shears

Councillor C J Vince

(Appointed 24 June 2020)

(Resigned 2 June 2020)

Political and charitable donations

The Company has made £1,409 (2019:£6,412) of charitable donations in the year and no political donations.

Financial instruments

Treasury operations and Financial Instruments

The Company operates a treasury function which is, responsible for managing the liquidity, interest and credit risks associated with the company's activities.

The Company's principal financial instruments include loans (the main purpose of which is to raise finance for the company's operations). In addition, the company has various other financial assets and liabilities such as other receivables, amounts due from the Council and trade creditors arising directly from its operations. The company does not have any 'derivative' instruments.

Liquidity risk

The Company does not operate any overdraft facilities and maintains bank balances to meet the ongoing needs of the business.

Interest rate risk

All loans, lease and hire purchase agreements are on a fixed interest rate and therefore the Company reduces any exposure to changes in interest rates.

Credit risk

Harlow Council is the ultimate shareholder of the Company and also the main customer. As such the credit risk to the Company is very low.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. To this end the Company is recognised as a Disability Confident Employer.

Employee involvement

The Company's policy is to consult and discuss with employees, through its recognition of trade unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Future developments

HTS (Property & Environment) Ltd was established to deliver the repairs and maintenance of Harlow District Council's 9000 Social Housing and 220 public Buildings together with the cleaning and grounds environmental works within the Town.

The Best Value Review of HTS (Property & Environment) Ltd was successfully completed during the year and a 5 year extension to 31 January 2027 was authorised by the Cabinet in December 2019 subject to a number of recommendations being implemented. The Board has agreed the recommendations and there are being implemented by the company.

The Company will also deliver a further £29million of housing related capital works over the first 5 years of operation.

Following a successful first three years of trading, the group is looking to maximize the opportunities available both locally and in the surrounding areas.

Auditor

Ensors Accountants LLP were appointed as auditor to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board



Mr J A Morris
Secretary
8 July 2020

HTS (PROPERTY AND ENVIRONMENT) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HTS (PROPERTY AND ENVIRONMENT) LIMITED

Opinion

We have audited the financial statements of HTS (Property and Environment) Limited (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, the Statement Of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HTS (PROPERTY AND ENVIRONMENT) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Barry Gostling (Senior Statutory Auditor)
for and on behalf of Ensors Accountants LLP

13 July 2020
.....

Chartered Accountants
Statutory Auditor

Cardinal House
46 St Nicholas Street
Ipswich
Suffolk
IP1 1TT

HTS (PROPERTY AND ENVIRONMENT) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Revenue	4	25,901,955	23,329,315
Cost of sales		(22,311,239)	(20,280,960)
Gross profit		3,590,716	3,048,355
Administrative expenses		(3,019,836)	(2,606,851)
Other operating income		109,535	122,456
Operating profit	5	680,415	563,960
Investment income	8	5,371	7,187
Interest payable to group undertakings	9	(28,855)	(40,109)
Other finance costs	9	(30,848)	(16,285)
Profit before taxation		626,083	514,753
Tax on profit	10	(118,987)	(101,455)
Profit and total comprehensive income for the financial year	23	507,096	413,298

The income statement has been prepared on the basis that all operations are continuing operations.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Non-current assets					
Intangible assets	11		179,275		268,912
Property, plant and equipment	12		1,655,266		893,229
			<u>1,834,541</u>		<u>1,162,141</u>
Current assets					
Inventories	14	90,437		42,421	
Trade and other receivables	15	2,019,530		1,540,321	
Investments	13	510,327		505,478	
Cash and cash equivalents		2,252,773		1,362,310	
			<u>4,873,067</u>		<u>3,450,530</u>
Current liabilities	17	(4,676,824)		(3,315,275)	
			<u>196,243</u>		<u>135,255</u>
Net current assets					
			<u>196,243</u>		<u>135,255</u>
Total assets less current liabilities			<u>2,030,784</u>		<u>1,297,396</u>
Non-current liabilities	17		(698,089)		(471,797)
			<u>1,332,695</u>		<u>825,599</u>
Net assets			<u>1,332,695</u>		<u>825,599</u>
Equity					
Called up share capital	22		1		1
Retained earnings	23		1,332,694		825,598
			<u>1,332,695</u>		<u>825,599</u>
Total equity			<u>1,332,695</u>		<u>825,599</u>

The financial statements were approved by the board of directors and authorised for issue on 8 July 2020 and are signed on its behalf by:



Mr J E C Phillips
Director

Company Registration No. 09929963

HTS (PROPERTY AND ENVIRONMENT) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2018	1	412,300	412,301
Year ended 31 March 2019:			
Profit and total comprehensive income for the year	-	413,298	413,298
Balance at 31 March 2019	1	825,598	825,599
Year ended 31 March 2020:			
Profit and total comprehensive income for the year	-	507,096	507,096
Balance at 31 March 2020	1	1,332,694	1,332,695

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

HTS (Property and Environment) Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Civic Centre, The Water Gardens, College Square, Harlow, Essex, CM20 1WG.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Harlow District Council in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 113(a), 114, 115, 118, 119(a)–(c), 120–127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Harlow District Council. The group accounts of Harlow District Council are available to the public and can be obtained as set out in note 24.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue arises from the provisions of goods and services provided in line with the principal activities set out in the Directors' report and excludes value added tax.

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

In the case of the annual service charge (building maintenance, street cleaning and environmental services) which is a fixed-price contract, governed by KPI's the customer pays the fixed amount based on a payment schedule, normally paid in the same month as the service is rendered.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

In the case of capital and planned works performed for customers amounts are invoiced monthly based on certified valuations. Payment is due within 31 days from the date of the invoice.

1.4 Intangible assets other than goodwill

Costs arising on the acquisition of the contract with Harlow District Council were capitalised as intangible assets and were charged over the life of the initial term of the contract with Harlow District Council. The rates of amortisation are as follows:-

Capitalised contract costs - 20% per annum.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvem'ts	20% of cost
Computers and office equipment	20%-33.33% of cost
Plant and machinery	20% of cost
Motor vehicles	20%-30% of cost

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

In relation to small tools it is the company's policy to expense tools with an individual of less than £1,000 as consumables as these are likely to have an estimated useful life of less than 12 months.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Intangible assets do not have indefinite useful lives so are not tested for impairment annually.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Inventories

Inventories are stated at cost and relate to fuel and vehicle parts being used in the business.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less, Bank deposits with original maturities of over three months are shown in current investments.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is held for trading. This is the case if:

- the asset has been acquired principally for the purpose of selling in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Interest and dividends are included in 'Investment income' and gains and losses on remeasurement included in 'other gains and losses' in the statement of comprehensive income.

Financial assets held at amortised cost

Financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held to maturity investments.

Held to maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Financial assets classified as available for sale are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. Where an AFS financial asset is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Dividends and interest earned on AFS financial assets are included in the investment income line item in the statement of comprehensive income.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The company's employees are members the Essex pension fund which is a defined benefit pension plan and a part of the Local Government Pension Fund.

The assets of the scheme are held separately from those of the company in an independently administered fund. Pension scheme assets are measured using fair values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

It has been agreed with Harlow District Council that contributions payable by the Company will be capped at either 10.6% or 14.1%.

To the extent that the company has a liability to pay any additional amounts to the scheme such liabilities are negated by an equal contingent asset arising from the capping agreement with Harlow District Council.

Accordingly, the contributions paid by the company are set in relation to the current service period only and as such the company has accounted for the contributions to this scheme as if they were a defined contribution scheme.

Harlow District Councils' Indemnity of the pension deficits supports the preparation of the financial statements on a going concern basis.

1.16 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts with no consideration are therefore outside the scope of IFRS 16. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

When the company acts as a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees, over the major part of the economic life of the asset. All other leases are classified as operating leases. If an arrangement contains lease and non-lease components, the company applies IFRS 15 to allocate the consideration in the contract. When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately, classifying the sub-lease with reference to the right-of-use asset arising from the head lease instead of the underlying asset. As there is no consideration for the head lease, no right to use asset has been accounted for under IFRS 16, therefore sub-leases are classified for as operating leases. Rental income from sub-leases is credited to the profit and loss account on a straight line basis over the period of the lease.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the Company applied IFRS 16 with a date of initial application on 1 April 2019. As a result, the Company has changed its accounting policy for lease contracts as detailed below.

The company applied IFRS 16 using the modified retrospective approach.

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of the lease.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases.

The Company decided to apply recognition exemptions to short-term leases of machinery and leases of IT equipment. For leases of other assets, which were classified as operating leases under IAS 17, the Company recognised right-of-use assets and lease liabilities.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact on Financial Statements

On transition to IFRS 16, the Company recognised an additional £1,109,334 of right-of-use assets and lease liabilities.

When measuring lease liabilities, the Company discounted lease payments using a compound interest rate of 3% at 1 April 2019.

	1 April 2019
	£
Operating lease commitments at 31 March 2019	959,998
Operating lease commitments omitted at 31 March 2019	207,789
Discounted using the incremental borrowing rate at 1 April 2019	(58,453)
Lease liabilities recognised at 1 April 2019	<u>1,109,334</u>

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Accounting for the defined benefit scheme deficit

There has been significant judgement involved when reviewing the agreement with the Harlow District Council and concluding that all the actuarial risks associated with the scheme remain with Harlow District Council and therefore the deficit of the scheme relating to the company has not been accounted for within these accounts.

Accounting for leases with no consideration

There has been significant judgement made on whether the head lease between the company and Harlow District Council in relation to Mead Park should be accounted for as a right to use asset. As there is no consideration for the head lease then the conclusion is that no accounting for a right to use asset is required under IFRS 16 and therefore sub-leases are accounting for as operating leases.

Key sources of estimation uncertainty

Estimation of useful life - Tangible fixed assets

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement. The useful lives and residual values of the company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Present value of lease liabilities

Lease liabilities are initially measured at the present value of the lease payments due after the commencement date of the lease. The future lease payments have been discounted to present value using the Company's incremental borrowing rate of 3% as the discount rate.

4 Revenue

	2020	2019
	£	£
Revenue analysed by class of business		
Building maintenance, street cleaning and environmental services	25,901,955	23,329,315
	<u> </u>	<u> </u>

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

4 Revenue (Continued)

	2020	2019
	£	£
Other significant revenue		
Interest income	5,371	7,187
Rental income	81,959	118,117

5 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	9,800	9,425
Depreciation of property, plant and equipment	616,143	269,062
(Profit)/loss on disposal of property, plant and equipment	-	3,547
Amortisation of intangible assets	89,637	89,637

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Production	249	239
Administration and Support	96	93
Total	345	332

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	9,657,755	9,173,451
Social security costs	899,275	855,461
Pension costs	1,098,321	1,044,611
	11,655,351	11,073,523

7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	198,762	199,609

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

8 Investment income

	2020 £	2019 £
Interest income		
Interest on bank deposits	5,371	7,187

Total interest income for financial assets that are not held at fair value through profit or loss is £5,371 (2019 - £7,187).

9 Finance costs

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	28,855	40,109
Interest on other financial liabilities:		
Interest on lease liabilities	30,848	16,285
Total interest expense	59,703	56,394

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	109,290	108,060
Adjustments in respect of prior periods	4,936	14,212
Total UK current tax	114,226	122,272
Deferred tax		
Origination and reversal of temporary differences	4,761	(20,817)
Total tax charge	118,987	101,455

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

10 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2020	2019
	£	£
Profit before taxation	626,083	514,753
Expected tax charge based on a corporation tax rate of 19.00% (2019: 19.00%)	118,956	97,803
Effect of expenses not deductible in determining taxable profit	191	97
Depreciation on assets not qualifying for tax allowances	1,150	1,002
Under/(over) provided in prior years	4,936	14,211
Deferred tax adjustments in respect of prior years	(4,416)	(12,623)
Adjust opening and closing deferred tax to average rate	(1,830)	965
Taxation charge for the year	118,987	101,455

11 Intangible fixed assets

	Capitalised contract costs
	£
Cost	
At 31 March 2019	448,186
At 31 March 2020	448,186
Amortisation and impairment	
At 31 March 2019	179,274
Charge for the year	89,637
At 31 March 2020	268,911
Carrying amount	
At 31 March 2020	179,275
At 31 March 2019	268,912

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

12 Property, plant and equipment

	Leasehold improvements	Computers and office equipment	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 31 March 2019	41,101	255,608	801,115	285,950	1,383,774
IFRS 16 Adjustments	-	51,024	-	1,058,310	1,109,334
Additions	14,175	5,058	97,769	151,844	268,846
At 31 March 2020	55,276	311,690	898,884	1,496,104	2,761,954
Accumulated depreciation and impairment					
At 31 March 2019	9,733	92,120	274,312	114,380	490,545
Charge for the year	9,425	65,992	168,668	372,058	616,143
At 31 March 2020	19,158	158,112	442,980	486,438	1,106,688
Carrying amount					
At 31 March 2020	36,118	153,578	455,904	1,009,666	1,655,266
At 31 March 2019	31,368	163,488	526,803	171,570	893,229

Property, plant and equipment includes right-of-use assets, recognised within computers and office equipment and motor vehicles with a carrying value of £780,335. Depreciation of £382,999 was charged in respect of right-of-use assets.

The net carrying value of tangible fixed assets includes £3,880 (2019:£343,800) in respect of assets held under finance lease or hire purchase contracts. The depreciation charge in respect of these assets amounted to £1,940 (2019: £114,599) for the period.

13 Investments

	Current		Non-current	
	2020	2019	2020	2019
	£	£	£	£
Investments held at fair value through profit or loss	510,327	505,478	-	-

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

14 Inventories

	2020	2019
	£	£
Tools, fuel and vehicle repairs stock	90,437	42,421

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

15 Trade and other receivables

	Current		Non-current	
	2020	2019	2020	2019
	£	£	£	£
Trade receivables	37,627	29,135	-	-
Amounts owed by fellow group undertakings	-	455,262	-	-
Other receivables	1,719,733	735,414	-	-
Prepayments and accrued income	255,794	309,373	-	-
	<u>2,013,154</u>	<u>1,529,184</u>	<u>-</u>	<u>-</u>
Deferred tax asset	11,137	11,137	(4,761)	-
	<u>2,024,291</u>	<u>1,540,321</u>	<u>(4,761)</u>	<u>-</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

16 Borrowings

	2020	2019
	£	£
Unsecured borrowings at amortised cost		
Loans from related parties	467,884	701,826
	<u>467,884</u>	<u>701,826</u>

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020	2019
	£	£
Current liabilities	233,942	233,942
Non-current liabilities	233,942	467,884
	<u>467,884</u>	<u>701,826</u>

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

17 Liabilities

	Notes	Current 2020 £	2019 £	Non-current 2020 £	2019 £
Borrowings	16	233,942	233,942	233,942	467,884
Trade and other payables	18	3,568,859	2,397,410	-	-
Taxation and social security		401,822	532,281	-	-
Lease liabilities	19	330,469	145,517	464,147	3,913
Deferred income	21	141,732	6,125	-	-
		<u>4,676,824</u>	<u>3,315,275</u>	<u>698,089</u>	<u>471,797</u>

18 Trade and other payables

	2020 £	2019 £
Trade payables	1,031,856	676,182
Amounts owed to fellow group undertakings	89,757	-
Accruals and deferred income	2,439,601	1,700,136
Other payables	7,645	21,092
	<u>3,568,859</u>	<u>2,397,410</u>

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

19 Lease liabilities

	2020 £	2019 £
Maturity analysis		
Within one year	350,054	147,437
In two to five years	474,543	4,368
Total undiscounted liabilities	<u>824,597</u>	<u>151,805</u>
Future finance charges and other adjustments	(29,981)	(2,375)
Lease liabilities in the financial statements	<u><u>794,616</u></u>	<u><u>149,430</u></u>

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

19 Lease liabilities

(Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £	2019 £
Current liabilities	330,469	145,517
Non-current liabilities	464,147	3,913
	<u>794,616</u>	<u>149,430</u>
	<u><u>794,616</u></u>	<u><u>149,430</u></u>

	2020 £	2019 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	30,848	16,285
	<u>30,848</u>	<u>16,285</u>

The fair value of the company's lease obligations is approximately equal to their carrying amount.

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £	Other £	Total £
Deferred tax liability at 1 April 2018	17,312	(7,632)	9,680
Deferred tax movements in prior year			
Credit to profit or loss	5,497	(26,314)	(20,817)
Deferred tax asset at 1 April 2019	22,809	(33,946)	(11,137)
Deferred tax movements in current year			
Credit to profit or loss	24,482	(19,721)	4,761
Deferred tax asset at 31 March 2020	<u>47,291</u>	<u>(53,667)</u>	<u>(6,376)</u>

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

21	Deferred revenue	2020	2019
		£	£
	Arising from the annual service charge and rent	141,732	6,125
		<u> </u>	<u> </u>

Analysis of deferred revenue

Deferred revenues are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020	2019
	£	£
Current liabilities	141,732	6,125
	<u> </u>	<u> </u>

22	Share capital	2020	2019
		£	£
	Ordinary share capital		
	Issued and fully paid		
	1 ordinary share of £1 each	1	1
		<u> </u>	<u> </u>

23	Retained earnings	2020	2019
		£	£
	At 1 April 2019	825,598	412,300
	Profit for the year	507,096	413,298
		<u> </u>	<u> </u>
	At 31 March 2020	1,332,694	825,598
		<u> </u>	<u> </u>

24 Controlling party

The parent company of HTS (Property and Environment) Limited is HTS Group Ltd and its registered office is The Civic Centre, The Water Gardens, College Square, Harlow. Essex. CM20 1WG.

The ultimate parent undertaking and controlling party is Harlow District Council.

The consolidated financial statements of Harlow District Council are available from The Civic Centre, The Water Gardens, College Square, Harlow. Essex. CM20 1WG.

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

25 Retirement benefit schemes

Defined contribution scheme

The company operates a defined contribution pension scheme for all qualifying employees with Smart pension. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £26,669 (2019:£22,179)

Defined benefit scheme

Qualifying employees belonged to the Local Government Pension Scheme (LGPS), which is managed by Essex County Council. This is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

Harlow District Council entered into an agreement with the company which has the effect of capping the employer pension contributions payable by the company to the Essex Local Government Pension Scheme.

Due to the capping of the contributions the defined benefit scheme will be treated as a defined contribution scheme for the purposes of the preparation of the accounts and the contributions will be recognised as they fall due.

Included within the pension charge are contributions of £1,698,907 (2019: £1,609,826) payable by the company to the fund less £627,961 (2019: £587,220) reimbursed by Harlow District Council under the capping contribution arrangement.

The Net Pension Liability is guaranteed by the Local Authority and not the company, therefore the Net Pension Liability is treated as contingent liability which has an equal contingent asset being the fair value of the guarantee.

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The pension scheme's liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Company being based on the latest full valuation of the scheme as at 31 March 2019. The key assumptions (expressed as weighted averages) at the period end were as follows:

	2020	2019
RPI	3.45%	3.45%
CPI	2.35%	2.45%
Discount rate	1.90%	2.40%
Salary increase rate	2.90%	3.95%
Pension increase rate	1.90%	2.45%

In valuing the liabilities of the pension fund at 31 March 2020, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Retiring today: Male 21.8 years (2019: 21.3 years), female 23.6 years (2019: 23.6 years)
- Retiring in 20 years : Male 23.2 years (2019: 22.9 years), female 25.2 years (2019: 25.4 years)

HTS (PROPERTY AND ENVIRONMENT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

25 Retirement benefit schemes (continued)

<i>The contingent amounts arising from the company's obligations in respect of this defined benefit pension plan are as follows:</i>	2020 £'000	2019 £'000
Present value of defined benefit obligations	(50,727)	(51,290)
Fair value of plan assets	37,664	37,113
Fair value of local authority guarantee	13,063	14,177
	-	-

HTS (PROPERTY AND ENVIRONMENT) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	£	2020 £	£	2019 £
Revenue				
Income from services		25,901,955		23,329,315
Cost of sales				
Materials purchases	3,155,568		2,534,995	
Wages and salaries	8,506,174		8,094,597	
Social security costs	777,896		746,821	
Subcontract and agency labour	6,639,102		5,840,598	
Staff recruitment costs	6,885		10,096	
Staff welfare	23,364		17,052	
Staff training	42,604		48,024	
Staff pension costs	984,661		930,511	
Management Charges	156,000		156,000	
Rent re operating leases	-		413	
Rates	15,562		1,326	
Security costs	676		533	
Cleaning	273		903	
Waste disposal and service charges	369,911		373,659	
Repairs and maintenance	15,931		7,382	
Computer running costs	-		3,475	
Software costs	-		12,395	
Hire of equipment (not operating lease)	1,676		1,287	
Leasing - other assets	110,734		119,374	
Loose tools	12,009		5,980	
Motor running expenses	675,468		939,225	
Travelling expenses	1,650		6,055	
Accommodation and subsistence	-		629	
Postage, courier and delivery charges	-		99	
Professional subscriptions	5,978		4,815	
Legal and professional fees	-		2,346	
Consultancy fees	90,637		13,975	
Insurances	95,080		102,935	
Printing and stationery	5,434		6,443	
Books, periodicals, reference materials	-		283	
Public relations	-		1,266	
Telecommunications	2,233		979	
Other office supplies	-		1,507	
Entertaining	1,241		614	
Sundry expenses	6,029		38,871	
Protective clothing	43,730		29,043	
Depreciation	564,733		222,907	
Profit or loss on sale of tangible assets (non exceptional)	-		3,547	
		(22,311,239)		(20,280,960)
Gross profit	13.86%	3,590,716	13.07%	3,048,355
Other operating income				
Rent receivable		93,959		118,117

HTS (PROPERTY AND ENVIRONMENT) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

	£	2020 £	£	2019 £
Other operating income	15,576		4,339	
		109,535		122,456
Administrative expenses		(3,019,836)		(2,606,851)
Operating profit		680,415		563,960
Investment revenues				
Bank interest received	5,371		7,187	
		5,371		7,187
Finance costs				
Hire purchase interest payable	1,926		16,285	
Lease interest payable	28,922		-	
Interest payable to group companies	28,855		40,109	
		(59,703)		(56,394)
Profit before taxation	2.42%	626,083	2.21%	514,753

HTS (PROPERTY AND ENVIRONMENT) LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Administrative expenses		
Wages and salaries	1,151,581	1,078,854
Social security costs	121,379	108,640
Staff recruitment costs	8,491	12,332
Staff welfare	4,943	2,505
Staff training	10,850	19,084
Staff pension costs	113,660	114,100
Management charge - group	223,048	70,588
Rates	227,681	221,715
Waste disposal and service charges	9,241	15,998
Power, light and heat	90,356	82,091
Repairs and maintenance	38,239	36,385
Computer running costs	19,855	3,922
Software costs	80,614	59,128
Hire of equipment (not operating lease)	543	-
Leasing - other assets	12,799	14,384
Travelling expenses	15,106	9,454
Accommodation and subsistence	2,576	7,191
Postage, courier and delivery charges	33,753	31,131
Professional subscriptions and CITB levy	13,786	(23,991)
Legal and professional fees	65,808	980
Consultancy fees	31,385	69,266
Non audit remuneration paid to auditors	14,655	9,425
Audit fees	9,800	9,425
Charitable donations	1,409	6,412
Bank charges	3,191	2,770
Insurances	394,292	370,203
Printing and stationery	21,295	27,938
Books, periodicals, reference materials	212	35
Advertising	2,585	6,498
Public relations	36,890	7,571
Meetings and seminars	380	1,412
Events and awards	28,938	-
Telecommunications	48,947	48,535
Other office supplies	2,408	6,439
Entertaining	9,279	14,815
Sundry expenses	28,776	25,824
Protective Clothing	38	-
Amortisation	89,637	89,637
Depreciation	51,410	46,155
	<u>3,019,836</u>	<u>2,606,851</u>