

REPORT TO: SHAREHOLDER SUB COMMITTEE

DATE: 18 OCTOBER 2017

TITLE: HTS (PROPERTY & ENVIRONMENT) LTD
PERFORMANCE REPORT AND BALANCED
SCORECARD

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

RECOMMENDED that:

- A** Shareholder Sub Committee acknowledges the performance and financial position set out in paragraphs 3 to 10 as follows:
- (i) HTS (Property & Environment) Ltd (HTS) achieved 98.21 percent against the suite of major and minor KPI's that govern the contract.
 - (ii) A favourable forward forecast of retained profit totalling £854,000 forecast for the year to 31 March 2018.

BACKGROUND

1. This report sets out the operation and financial performance of HTS as at the 31 August 2017. The report is the second in the formal reporting process for the 2017/18 financial year. A performance report for September 2017 will be tabled at the meeting.
2. HTS' performance is reported Cabinet quarterly, as part of the wider Joint Financial Performance Report (JFPR) setting out the delivery of corporate priorities.

SUMMARY OF OPERATIONAL & FINANCIAL PERFORMANCE

3. HTS' detailed performance and service delivery as at August 2017 is outlined in (Appendix A) and is broken down in to each service area within the suite of performance indicators. The report indicates an achievement of an overall success rate of 98.21 percent against the suite of major and minor KPIs that govern the contract.
4. Performance against targets in relation to trees works (not dangerous) requiring attention/maintenance is below target. Monthly performance for routine works was 100 percent, however some tree inspections (not dangerous) were not completed on time due to an increase in reports and scheduling. Performance has improved considerably during August 2017 with

increased activity. It is anticipated that performance will be within target by end of September 2017. In addition, there is a proposed wide ranging review of grounds maintenance activities together with their priorities, targets and measurements. This will be reported at a future meeting this municipal year.

5. A review of HTS customer complaints to August 2017 identified an increase in the number of complaints for the last quarter. The main areas for concern identified were communication, and delays in completing work. However, overall HTS have been able to contain complaints to 1.01 percent of all jobs completed. An analysis of complaints is outlined in Appendix B.
6. HTS was established to deliver repairs and environmental maintenance services previously carried out by Kier Harlow Ltd. In setting up a Local Authority Trading Company (LATC), the Council has created a business that can generate income for the Council, trade externally, and deliver core services to a high standard. The Business Plan and Balanced Scorecard outlining priorities for delivery were approved in November 2016, and details of progress on the delivery of priorities is outlined in Appendix C.
7. The controllable budgets assigned to HTS are managed within an existing Annual Service Charge (ASC) payment, uplifted for inflation. As a result of the in-year transition from Kier Harlow Ltd from 1 February 2017 there is a fourteen month reporting period and totals £20,359,000.
8. In addition, the Cabinet have awarded £5.8 million of Housing Capital Business Cases for 2017/18 as part of the Council's wider Housing Investment Programme (HIP). The new Services Agreement allows the Council to award housing capital works on a year by year basis to this value up to 2020/21.
9. The Sub-Committee previously noted that Cabinet had approved the provision of a loan of up to £1.4 million to support the set up costs of HTS. The loan was to cover normal business start-up costs and to ensure that state aid rules were not breached. The loan continues to be repaid at £20,000 per month and the balance as at July 2017 was £1,072,000. Interest of £5,000 up to July 2017 has been paid to the Council.
10. Current progress and financial forward forecasting for HTS (post the major procurement exercises such fleet, specialist vehicles, insurance and materials including the repayment of the loan, is outlined in the updated Shareholder statement. A review of the first seven months trading (up to August 2017) indicates a projected retained profit being forecasted for 2017/18 of £854,000. This is outlined in Appendix D.

IMPLICATIONS

Place (includes Sustainability)

As contained within the report.

Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)

The details set out in the report provide assurances that the financial performance is aligned with the forecasts set out in the HTS Business Plan agreed by the Committee in November 2016.

Author: **Simon Freeman, Head of Finance**

Housing

As outlined in the body of 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)

None specific.

Author: **Brian Keane, Head of Governance**

Background Papers

None.

Glossary of terms/abbreviations used

HTS - HTS (Property & Environment) Ltd

LATC – Local Authority Trading Company

Appendices

Appendix A – Performance Indicators

Appendix B – JPRM Complaints

Appendix C – Balanced Scorecard

Appendix D – Shareholders Statement