

REPORT TO: SHAREHOLDER SUB-COMMITTEE

DATE: 16 JANUARY 2018

TITLE: PERFORMANCE REPORT AND BALANCED SCORECARD

LEAD OFFICER: ANDREW MURRAY, HEAD OF HOUSING
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RECOMMENDED that:

- A** Shareholder Sub Committee acknowledges the performance and financial position set out in paragraphs 7 – 10 as follows:
- (i) HTS (Property and Environment) Ltd (HTS) achieved 96.43 percent against the suite of major and minor KPI's (Appendices A – C) 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 as at the 30 November 2017. The report is the third in the formal reporting process for the 2017/18 financial year. A performance report for December 2017 will be tabled at the meeting.
2. Performance against the proportion of relevant public land and highways which have unacceptable levels of weed that are visible is below target. This performance indicator is measured independently by Keep Britain Tidy and has dropped to 16.74 percent against the target of 9 percent. HTS (Property and Environment) Ltd carried out weed sprays during April and November each year. It is anticipated that performance will be reviewed as part of the wide ranging review of grounds maintenance activities together with their priorities, targets and measurements. A verbal report on the progress will be made.

SUMMARY OF OPERATIONAL & FINANCIAL PERFORMANCE

3. HTS' detailed performance and service delivery as at November 2017 is outlined in Appendices A - C broken down in to each service area within the suite of performance indicators. The report indicates an achievement of an overall success rate of 96.43 percent against the suite of major and minor

KPI's that govern the contract.

4. Performance against the proportion of relevant public land and highways which have unacceptable levels of weed that are visible is below target. This performance indicator is measured independently by Keep Britain Tidy and has dropped to 16.74 percent against the target of 9 percent. HTS carried out weed sprays during April and November each year. It is anticipated that performance will be reviewed as part of the wide ranging review of grounds maintenance activities together with their priorities, targets and measurements. A verbal report on the progress will be made.
5. In addition, urgent requests for repair works completed within five days from report are below target. Two jobs were completed outside of target time reducing performance to 83.33 percent for non-housing property.
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 D.
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 noted at a previous meeting 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 November 2017 was £994,000. Interest of £4,000 up to November 2017 has been paid to the Council.
10. Current progress and financial forward forecasting for HTS (post the major procurement exercises e.g. fleet, specialist vehicles, insurance and materials) including the repayment of the loan, is outlined in the updated Shareholder statement. A review of trading to November 2017 indicates a projected retained profit being forecasted for 2017/18 of £854,000. This is outlined in

Appendix E.

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 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: **Amanda Julian, Legal Services Manager, on behalf of Brian Keane, Acting Managing Director**

Appendices

Appendix A – JRPM Review of Contract KPIs

Appendix B – Major KPIs November 2017

Appendix C – Minor KPIs November 2017

Appendix D – Balanced Scorecard

Appendix E – Summary of Management Accounts

Background Papers

None.

Glossary of terms/abbreviations used

None.