

REPORT TO: SHAREHOLDER SUB-COMMITTEE

DATE: 25 JULY 2018

TITLE: PERFORMANCE REPORTS AND BALANCED SCORECARDS

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

RECOMMENDED that:

- A** The Sub-Committee acknowledges the performance and financial position set out in paragraphs 3-15 as follows:
- i) HTS (Property & Environment) Ltd (HTS) achieved 97 percent to 31 March 2018 and 100 percent 30 May 2018 against the suite of major and minor KPIs that govern the contract; and
 - ii) An outturn of retained profit totalling £412,000 to 31 March 2018. A favourable forecast for the year to £1,095,000 to 31 March 2019.

BACKGROUND

1. This report sets out the operation and financial performance of HTS as at 31 May 2018. The report is the first in the formal reporting process for the 2018/19 financial year. A performance report for June 2018 will be tabled at the meeting.
2. HTS' performance is reported to Cabinet quarterly, as part of the wider Joint Financial Performance Report setting out the delivery of corporate priorities.

ISSUES/PROPOSALS

3. HTS' detailed performance and balanced scorecard as at March and May 2018 are outlined in (Appendices A-H) broken down in to each service area within the suite of performance indicators. The report indicates an achievement and an overall success rate of 94.64 percent as at 31 March 2018 and 100 percent as at May 2018, against the suite of major and minor KPI's that govern the contract.
4. Performance for Detritus and Weed Growth dropped significantly during the last quarter of 2017/18.
5. HTS has historically performed well in this area however the quarter four performance fell below an acceptable level. This prompted an analysis of the Keep Britain Tidy (KBT) independent report and its findings to find any root causes of the indicated shortfall in performance. In addition, HTS also reviewed

its performance against thresholds set for other KPIs relating to Detritus and Weed Growth as well as complaints and member enquiries in these areas.

6. Following this downturn in performance, an action plan was developed to bring performance back in line to a targeted level. It is anticipated that the level of performance that will be reported in quarter one will be at targeted levels.
7. Performance against tree works carried out within 80 working days remained below target at 93 percent as at 31 March 2018. Performance remained low for quarter four due to outstanding jobs remaining to be completed from the previous quarter. It is anticipated that all outstanding jobs will be completed by quarter 1 2018/19
8. In addition, urgent requests for repair works completed within five days from report were below target for housing and non-housing as at 31 March 2018. Increased appointment schedules were allocated to include weekend and some late working to enable the completion of 98.13 percent of housing jobs within target and performance fell marginally short for non-housing at 95.83 percent.
9. Statutory tests for non-housing inspections completed prior to due date in accordance with the Council compliance requirements fell below target at 97.65 percent due to two outstanding tests.
10. Performance achieved during May 2018 indicated an overall success rate of 100 percent against a suite of major and minor KPIs that govern the contract.
11. 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 are outlined in Appendices G and H.
12. The controllable budgets assigned to HTS are managed within an existing Annual Service Charge (ASC) payment, uplifted annually for inflation. As a result of the in-year transition from Kier Harlow Ltd from 1 February 2017 there was a fourteen month reporting period which totalled £20,206,732. The ASC is forecasted to £17,419,884 in 2018/19.
13. In addition, the Cabinet have awarded £5.8 million of Housing Capital Business Cases for 2017/18 and 2018/19 as part of the Council's wider Housing Investment Programme (HIP). The Services Agreement allows the Council to award housing capital works on a year by year basis annually to this value up to 2020/21.
14. The Committee also at a previous meeting 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 May 2018 was 877,000. Interest of £4,000 up to May 2018 has been paid to the Council.

15. Current progress and financial forward forecasting for is outlined in the updated Shareholder statement. A review of trading to March 2018 was £412,000 and indicates a projected retained profit being forecasted for 2018/19 of £1,095,000. This is outlined in (Appendix I).

IMPLICATIONS

Place (Includes Sustainability)

As contained within the report.

Author: Graeme Bloomer, Head of Place

Finance (Includes ICT)

As contained within the report.

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)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

None specific.

Author: Colleen O'Boyle, Interim Head of Governance

Appendices

Appendix A – JPRM Review of Contract KPIs – March 2018

Appendix B – Major KPIs March 2018

Appendix C – Minor KPIs March 2018

Appendix D – JPRM Review of Contract KPIs – May 2018

Appendix E – Major KPIs May 2018

Appendix F – Minor KPIs May 2018

Appendix G – Balanced Scorecard – March 2018

Appendix H – Balanced Scorecard – May 2018

Appendix I – Summary of Management Accounts May 2018

Background Papers

HTS (Property & Environment) Ltd Annual Report and Financial Statements for the period ended 31 March 2018.

HTS Group Limited Annual Report and Unaudited Financial Statements for the year ended 31 March 2018.

Glossary of terms/abbreviations used

ASC – Annual Service Charge

HIP – Housing Investment Programme

KPI – Key Performance Indicator

LATC – Local Authority Trading Company