

REPORT TO: SHAREHOLDER SUB COMMITTEE

DATE: 24 OCTOBER 2018

TITLE: PERFORMANCE REPORTS AND BALANCED SCORECARD

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

- A** The Sub Committee acknowledges the performance and financial position set out in paragraphs 4-14 as follows:
- i) HTS (Property & Environment) Ltd achieved 100 percent success rate for June, July and August 2018 against the suite of major and minor KPI's that govern the contract.
 - ii) An outturn of retained profit totalling £820,000 to 31 August 2018.

BACKGROUND

1. This report sets out the operation and financial performance of HTS (Property & Environment) Ltd as at the 31 August 2018. A performance report for September 2018 will also be tabled at the meeting.
2. HTS (Property & Environment) Ltd's performance is reported to Cabinet quarterly, as part of the wider Joint Financial Performance Report (JFPR) detailing the delivery of corporate priorities.
3. HTS (Property & Environment) Ltd 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.

ISSUES/PROPOSALS

4. The Business Plan and revised Balanced Scorecard targets, outlining priorities for delivery, were approved in July 2018. HTS (Property & Environment) Ltd's Balanced Scorecard Objectives are outlined in Appendix A. A performance summary to August 2018 indicates operational, financial, business growth and culture performance are at 100 percent with objectives projected to be on target. In addition, there are no underperforming KPI's reported in June, July and August 2018. Detailed performance information is presented monthly to the Joint

Performance Review Meeting (JPRM) and, at the individual Portfolio Holder meetings.

5. Notable highlights over the current three-month period:
 - a) Gas Servicing remains at 100 percent since the contract inception;
 - b) Complaints continue to remain low;
 - c) Fast track and Routine Voids maintained their 100 percent monthly target; and
 - d) Repairs carried out within 20 days were above target the last three months.

6. Following a significant drop in performance in Streets during the first quarter, improvements have been made in quarter two as highlighted below:

Table 1 – Quarter 2 Performance Figures

Name of KPI	Q1	Q1	Q2	Q2
	Performance Figure (KBT Report)	RAG Status	Performance Figure (KBT Report)	RAG Status
Routine cleaning of streets (NI195) Litter to grade A standard (Wave).	11.11%	AMBER	0.67%	GREEN
Routine cleaning of streets (NI195) Detritus, to grade A standard (Wave)	23.99%	RED	5.02%	GREEN
The proportion of relevant public land and highways which unacceptable levels of Weed are visible (NI 195).	23.09%	RED	11.42%	AMBER

7. Landscape Maintenance has been jointly reviewed by HTS (Property & Environment) Ltd and the Council following concerns last year. This included:
 - a) Revising the measurement for grass cutting;
 - b) Additional plant and labour to deliver an enhanced service; and
 - c) Level of complaints dropping compared to last year.

8. Feedback from Environmental Service Improvement Team (SIT) and from a range of stakeholders has provided positive feedback. Last quarter the KPI for tree works to be carried out within 80 days of order was amber. Performance has improved to 100 percent this quarter (from 93 percent last quarter).

9. Average waste recycling performance is outlined in the table below:

Table 2 – Waste Recycling Performance

	June	July	August
Waste Recycling	73%	65%	59%

10. HTS (Property & Environment) Ltd continues without the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) achieving “0” Accident, Incident Rate (AIR) at the end of August 2018.
11. The controllable budgets assigned to HTS (Property & Environment) Ltd are managed within an existing Annual Service Charge (ASC) payment, uplifted annually for inflation. The ASC is forecasted to £17,472,000 in 2018/19.
12. In addition, the Services Agreement allows the Council to award Housing Capital Works on a year by year basis annually to this value up to 2021/22. This year’s allocation, together with the approved carryovers from 2017/18 total £7,704,152. The current projected outcome reported for 2018/19 amounts to £5,966,326 with a carryover expected of £1,737,826. The Council will also be inviting HTS (Property & Environment) Ltd to submit new Business Cases for potentially three new projects associated with the “Council House Building” Programme.
13. 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 (Property & Environment) Ltd. The loan was to cover normal business start-up costs and to ensure that state aid rules were not breached. The loan outstanding amounts to £819,000 with interest payments of £4,000 per month being paid to the Council.
14. HTS (Property & Environment) Ltd are currently evaluating its next phase of investment in fixed assets and are currently in the process of identifying a replacement strategy for fleet vehicles and plant. A report will be made to the Shareholder Sub Committee at a future meeting.
15. Current progress and financial forward forecasting for HTS (Property & Environment) Ltd, is outlined in the updated Shareholder statement which is outlined in Appendix B. A review of trading indicates a projected retained profit being forecasted for 2018/19 of £820,000.

IMPLICATIONS

Place (Includes Sustainability)

None specific.

Author: Jane Greer, Head of Community Wellbeing on behalf of Graeme Bloomer, Head of Place

Finance (Includes ICT)

As set out 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 – HTS Balanced Scorecard

Appendix B – Summary of Management Accounts August 2018

Background Papers

Major KPIs June, July, August 2018

Minor KPIs June, July, August 2018

Balanced Scorecard

Glossary of terms/abbreviations used

KPIs - Key Performance Indicators

JFPR - Joint Financial Performance Report

LATC - Local Authority Trading Company

JPRM - Joint Performance Review Meeting

KBT - Keep Britain Tidy

SIT - Service Improvement Team

RIDDOR - Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

AIR - Accident, Incident Rate

ASC - Annual Service Charge