

HTS (Housing and Regeneration) Limited

Business Plan

Version 0.4 26 November 2018

DRAFT

1. Executive Summary

This document lays out the interim business plan for the creation of HTS (Housing and Regeneration) Limited as wholly owned subsidiary of HTS Group. It includes:

- Our vision and values.
- An analysis of the market place we will operate in.
- An explanation of the service we will offer.
- A description of our legal form and our governance arrangements.
- An overview of our delivery requirements.
- Initial pipeline of schemes demonstrating the viability of our business.
- An implementation plan outlining initial actions to enable trading operations.

1.1 Drivers for change

1.1.1 Harlow is a compact New Town located in West-Essex at the centre of the London-Stansted-Cambridge-Corridor. It is made up of self-contained local neighbourhoods with a variety of shopping hatches and employment areas. Harlow is home to Harlow College, The University Centre Harlow and the Sir Charles Kao University Technical College.

1.1.2 Harlow also has a 51 hectare Enterprise Zone (EZ), which is one of the 48 sites across the UK selected by Government to provide a platform for economic growth and deliver benefits for business. The EZ investment will be used to develop a new Life Sciences MedTech Innovation Centre; building on the town's pioneering traditions and bringing jobs to the area.

1.1.3 Public Health England have selected Harlow as the location for a new integrated hub with the first facilities opening in 2019 leading to full operational capacity in 2024.

1.1.4 Parallel to art, cultural and leisure facilities, Harlow Council retains the second largest social housing stock in Essex.

1.1.5 Harlow's proximity to London, and the issues brought about by the national economy and welfare reform have created its own unique housing pressures. Housing in Harlow is predominately privately owned at just under 69 per cent, while social housing makes up over 31 per cent.

1.1.6 Harlow has remained a competitive location for business and growth. As Harlow continues to become more business orientated in coming years, a key opportunity is to use the regeneration of deprived areas to create employment opportunities and reinvigorate communities.

1.1.7 With its unique connections into London, Cambridge and Stansted Airport, Harlow has huge potential to be a major driver for economic growth. The Council will raise Harlow's profile using local enterprise partnerships, together with similar business consortiums and local business. In parallel the Council will work in partnership with neighbouring local authorities to deliver a new Garden Town.

1.1.8 The Housing and Planning Act 2016 has brought significant changes to the provision and management of affordable housing that will change social housing in England. In particular the centrally set rent levels, the sale of high value voids (or financial equivalent) to pay for housing associations right to buy and the re-definition of secure tenancies will impose significant and additional pressures together with uncertainty around current housing allocation policy priorities.

1.2 Vision for the future

1.2.1 Harlow Council's Corporate Plan 2017-2020 identified the Council's vision to build on notable successes (e.g. the Regeneration of the Town Park and the delivery of the Enterprise Zone), and the modernisation of thousands of council homes.

1.2.2 To achieve the ambitions in the Corporate Plan, five priorities have been identified including:

- 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 support a thriving economy that benefits all the people of Harlow. Working with our partners in local and national government, the community and the private sector to create an infrastructure that is appropriate for sustainable growth.

1.2.3 These priorities have been embedded in the Harlow's Local Development Plan, shaping Harlow over the next fifteen years ensuring the efficient use of land and securing future sustainable development delivering what the community needs. The Local Development Plan sets out the need to build 9,200 homes in Harlow over the next 15 years.

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 The Council is committed to making more housing available in Harlow, including providing more support for those sleeping rough on the streets. There is a need to provide a range of homes, including new council houses, affordable rents, shared ownership and provide to give opportunity to all local people who want and need a home.

1.2.6 In 2015 the Council built the first new council houses for 25 years. The Council plans to drive forward regeneration, renewing neighbourhoods, attracting inward investment, providing

high quality jobs and lobbying to ensure that Harlow has the correct infrastructure in place to enable sustainable growth.

1.2.7 The commencement of the feasibility and development of a longer-term programme of new council house building, along with the bringing forward of packages to deliver new homes and retail facilities within Harlow, making use of newly incorporated HTS (Housing and Regeneration) Limited and any funding opportunities is one of the identified objectives to meet Council priorities.

1.3 Differentiators

1.3.1 The Local Government Act 2003 restricts local authorities from making a profit from its services, although they are able to offset costs. The Localism Act 2011 enables local authorities to undertake activities to make a profit but only if delivered within a company.

1.3.2 HTS (Housing and Regeneration) Limited 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 sale properties by effectively intervening directly in the local housing market.

1.3.3 In the short to medium term it is anticipated that the Company will undertake the majority of its work for the Council. It 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.

1.3.4 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.

1.3.5 Constraints on new build growth within the Council's Housing Revenue Account (HRA) mean that land can be more effectively used to back a mix of affordable and market housing development within a Council - owned company, in particular achieving long term revenue from rented homes as well as short term receipts on market sale homes. Changes to borrowing rules around the HRA are not yet fully detailed, but the company will operate to support additional growth within the HRA created by removal of cap arrangements, whilst also maximising income for the general fund. Wider regeneration and economic growth, such as town centre mixed use development opportunities, can be similarly progressed through asset development within the Company, generating a mix of long term rental income as well as more immediate disposal receipts.

1.3.6 The principle of the Council borrowing at Government-backed public sector loan rates and achieving a revenue margin through on lending creates a reliable income source for the Company. The Company also benefits from the following:

- Commercial freedom over rent setting.
- Opportunities to provide affordable alternatives to fulfil the legal duty to provide emergency temporary homeless accommodation.
- Selling services (like homeless accommodation) to others.
- Mixed tenure builds could cross-subsidise affordable homes.
- Commercial growth in direct response to demographic trends (addressing gaps in demand by an underperforming private market).
- Opportunity to generate a long term income stream for the general fund of the Council through scheme delivery.

1.4 Organisational form, ownership and governance

1.4.1 In September 2015, elected members for the Council resolved to create a trading arm. The overriding principle for the governance, stewardship and control mechanisms for the trading division was to ensure commercialism whilst retaining accountability to stakeholders. Harlow Council remains responsible for ensuring that it properly applies public funds, ensures compliance with the law, and that value for money can be demonstrated. Cabinet noted that the Council may wish to explore options to create further trading companies. Therefore, the governance for the trading divisions included inbuilt flexibility within a group structure – each entity remaining separate but ultimately reporting to a Council owned Holding Company.

1.4.2 In December 2015 HTS Group Limited, with Company Registration Number 09929960, (being a Holding Company) was incorporated, together with one wholly owned and controlled subsidiary HTS (Property and Environment) Limited (Company Registration Number 09929963). Harlow Council is the sole shareholder.

1.4.3 HTS Group was incorporated as a Holding Company with the Council as shareholder allowing for the creation of subsidiaries to further support transparency with governance and facilitate strategic focussed decision making appropriate to the subsidiary trading arms. By taking this approach risk around one single company undertaking a broad range of activities that may not fall within the expertise of its Directors was mitigated.

1.4.4 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.

1.4.5 The full board for the Company will comprise of three Councillor Directors, one Council Senior Manager with a mechanism to appoint a Chair holding a casting vote where necessary. Initially one Councillor Director will be appointed. The option to appoint a Managing Director should business dictate remains. The Board will work with a bespoke set of Articles and a scheme of delegation. The Board will take advice from both externally resourced independent professionals and from other trading arms with the HTS Group.

1.4.6 The Council as shareholder will retain corporate control as Shareholder of the HTS Group via the Shareholder Sub Committee and their terms of reference.

2. Vision and Purpose

2.1 Vision

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

To deliver mixed use housing, maximising affordable homes on secure tenancies at council rents, and commercial developments compliant with planning policy, and shape and commission town wide regeneration aligned with Harlow Council corporate priorities.

2.3 Strategic objectives

- Deliver more and better mixed use housing for Harlow.
- Deliver neighbourhood regeneration and priority estates schemes.
- Tackle housing need and reduce homelessness.
- Prepare for growth within Harlow.
- Support the economic development of Harlow.

2.4 Values

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

Regeneration and Reinvigoration

- Recognise and support local needs for housing and commercial development.
- Improve the quality of homes in the district.
- Make Harlow a place where people want to work and live, and can afford to live.
- Boost Harlow's position as a centre of economic activity.

Stewardship

- To provide stewardship of mid to long term place-shaping for Harlow.

- To focus on sustainable locations, making the best use of existing resources and land.
- To protect and enhance Harlow's unique historical identity in plans for growth.
- Creation and support of balanced, diverse and functional communities for the future.

Across the HTS Group Ltd we hold shared values in areas of Leadership and Accountability and Ethics.

Leadership and accountability

- Have a clear vision of where we are going.
- Consider the client, employee and community needs when making decisions.
- Accept personal accountability to meet the business needs, improve our processes and help others improve their effectiveness.
- Value and reward open, honest communication.

Ethics

- Maintain the highest standards for customers, clients and communities.
- Be accountable for our conduct and decisions.
- Only make promises we intend to keep.
- Avoid any conflicts of interest and operate within the law.

3. The Market

There are a total of 37,140 homes in Harlow in 2017, of which 9430 are owned by the Local Authority.

Tenure	Number of dwellings	% of the stock
Owned by Local Authority	9430	25.4%
Private Registered Provider	1980	5.3%
Private Sector	25740	69.3%
Total housing stock	37140	100%

3.1 The need for affordable housing

- 3.1.1 The West Essex and East Hertfordshire Strategic Housing Market Assessment (SHMA) Affordable Housing Update July 2017, states that Harlow needs a total of 3,098 affordable housing units between 2016 and 2033. This equates to 182 per year. Historically, Harlow has not achieved the numbers of affordable units the SHMA suggests are required. Over the 5 years between 2011-12 to 2015-16, a total of 258 affordable units were built which is well below the requirement of 182 per year.
- 3.1.2 There has been a significant shift to private rented occupation between 2001 and 2018, with a 22 percentage point growth in people living in the private rented sector from just 4% in 2001 to 26% in 2018. This reflects the national trend of a growth in private renting as across England, though Harlow has the highest level of private renting compared to its neighbours.
- 3.1.3 Statistics show that a full time worker in Harlow in 2017 in private rented accommodation would spend approximately 50% of their income going on housing costs. This is higher than the suggested affordability rate of housing costing 35% of a net household's income. Residents who are on benefits are expected to find private rented accommodation within the Local Housing Allowance (LHA) which is set by the Valuation Office. LHA rates have not kept up with market rents since 2010 and are currently frozen at the 2016 rate. This has resulted in a large gap between the LHA rate and the actual rents available in the private rented sector locally. The outcome of this is that local residents experience real difficulties in finding or keeping private rented accommodation that is affordable and are as a consequence at greater risk of becoming homeless.
- 3.1.4 The SHMA suggests that Harlow needs 61% of all new housing to be affordable units; a high proportion compared to the neighbouring Local Authorities which have levels varying between 26% (Uttlesford) and 35% (Epping Forest).

4. The Team

4.1 Governance model

- 4.1.1 The governance arrangements in place (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 are inter linked and inter dependant, and any changes must be approved by the Shareholder Sub-Committee under their agreed terms of reference.

4.2 Board

4.2.1 Councillor Directors – Initially One Elected Member of Harlow Council will be appointed as a Statutory Director to the HTS (Housing and Regeneration) Ltd Board on approval of this Business Plan.

4.2.2 Council Senior Manager – The Company currently has one director, Brian Keane, who was appointed for the purposes of incorporation of the company. On approval of this business case and commencement of operations of the Company, a senior Council manager will be selected and appointed as Statutory Director for purposes of company operations.

4.2.3 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.

4.2.4 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

The core duties of the HTS (Housing and Regeneration) Ltd Board are, in tandem with its sister subsidiary HTS (Property and Environment) Ltd:

- To deliver the strategic direction of the company as set by the Shareholder.
- To deliver best value efficient services.
- To grow the company and support and further Harlow Council's priorities and corporate values.
- To operate within a framework of prudent, commercially minded and effective controls which manage risk and reward.
- To be entrepreneurial and innovative to deliver acceptable returns to the Council.
- To ensure that all legal and regulatory obligations are understood and discharged.

5. Stakeholders

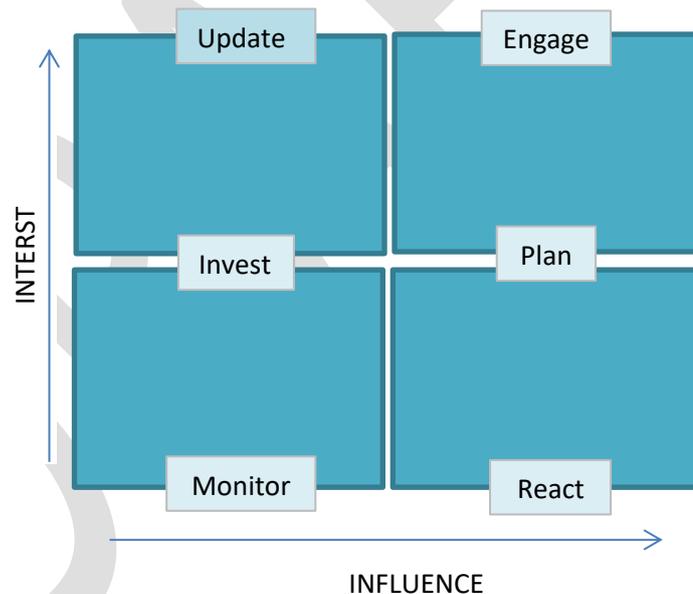
The individuals, groups, and organisations that will have an influence on, be affected by, or be involved with the activities undertaken by HTS (Housing and Regeneration) Ltd have been identified. These include the Company's shareholder as the main client, current and future residents and business owners who will be the beneficiaries of services delivered through the company, potential contractors and supply chain who will assist with delivery, investors, land and infrastructure related parties who will need engaging to assist delivery, and potential influencers in the shape of government policy, economic factors and neighbouring authority decision makers.

5.1 Stakeholder mapping

Key stakeholders for the Company and its activities have been identified and analysis has been 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 relationship with the Company.

5.2 Stakeholder management and communications

In order to determine the type of engagement and relationship management required, the analysis of stakeholders has been measured against a matrix as shown below. This enables the Company to plan its communications based on the type of relationship it has with a stakeholder e.g. a stakeholder with high influence and interest needs to be engaged at the highest level, those with moderate interest and low influence may need some investment in order to engage, whereas those with similar interest but high influence will need a bespoke communication plan to bring them on board. Close management of the type and frequency of engagement with stakeholders will avoid unnecessarily delays where individuals and groups are resistant due to misinformation or need time for their own internal processes to play out before they can fully engage.



6. Quality Assurance and Monitoring

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 Risk management

A risk register can be found at Appendix 1. Risks are grouped into political, economical, social/cultural, operational/technological and legal risk categories. The keys risks are related to economic uncertainty following the referendum to leave the EU and also need to formalise board structures early on and make arrangements for resourcing the company in areas of key delivery; namely contract and project management. 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

In order to deliver the required service and meet our Vision, Mission and Strategic Objectives, the Company will need access to funding and land assets. The Company will also look to partner with public and commercial sector in order to deliver on a scheme by scheme basis. The Council, as sole shareholder, will look to see returns on investments made in terms of development opportunities and land use agreements it may make with the Company. The Company will not hold any assets or funds on start up, as schemes are identified, through the Newbuild Workstream Pipeline contract will be let for delivery of those schemes and arrangements for asset and funding transfers will be made – being mindful at all times of State Aid implications. Enabler and infrastructure elements required for the company to operate are considered below:

- Borrowing – The Council may look to make a loan to the Company, repayable over a set period. The Council will 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. EU guidance on the methodology to be applied to interest rates for public sector funded loans is set out in the “Communication from the Commission on the revision of the method for setting the reference and discount rates (2008/C 14/02)”. The Council will apply the minimum interest rates consistent with this guidance. Considerable care will be required to identify a rate that is attractive to the company but consistent with State Aid rules and will need to be capable of withstanding any external challenge. The rate will be determined by considering the creditworthiness and collateralisation applicable to the loan.
- Banking and accounting arrangements – The Company will require a bank account and will need to feed into to group accounts each financial year.
- Specialist support – Use of the Council’s PamWin software, which will be used to appraise 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.
- Office space and IT equipment – These could be provided to the Company by its client on a Service Level Agreement to be built into scheme delivery costs.

- Legal requirements and insurance – These could also be provided to the Company by its client on a Service level Agreement to be built into scheme delivery costs; external legal advice would only be needed where conflicts of interests arise.
- Supply chain – 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.

7.1.1 Assets

The Company will hold no assets at point of trade and will not trade until a scheme is awarded to them, under Teckal arrangements.

7.1.2 Land

Harlow Council has mapped its land development opportunities for both HRA and General Fund land. If required for scheme delivery assets such as land will be transferred to the company by the Council at market rate and cannot be gifted under State Aid rules. 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 on opportunities that have been identified through the mapping; this will be subject to the Council seeking Cabinet approval and due process being followed, before a market rate transfer to the Company.

7.1.3 Support services

Services including insurance, legal support (unless conflicted, the Company will use shareholder approved legal representation), procurement and IT if arising, can be agreed with the Council under a Service Level Agreement as enjoyed by the Company's sister subsidiary HTS (Property and Environment) Ltd.

7.1.4 Procurement

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.

7.1.5 Contracts

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.

7.1.6 Delivery networks

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

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 on 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 Details of loan/investment requirements

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 not to offend 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.

8.2 Tax implications and liabilities

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

- 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, clawback 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.

- 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.
- 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.

8.3 Transition Plan to point of trade

An indicative project plan detailing activities required to bring the Company to point of trading, and establish arrangements needed for communications with stakeholders can be found at Appendix 2. Dates are illustrative only (based on fictional commencement from December Cabinet meeting) but give an indication of timescales needed once schemes for delivery have been identified. A full project plan spanning the first 3 years of operation will be worked up once the Business Plan is approved and viable schemes suitable for the company are identified and will include the arrangements required for support services received on SLAs for each scheme, along with procurement and contract timescales.

9. Appendices

Appendix 1 – Risk register

Appendix 2 – Indicative Transition Project Plan to point of trading

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	Directors 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 magement 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 ne 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 criticized 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			S Freeman											
H&R OP5	If there is no availability of Contract administration and management skills athen 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 usual	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 LEG4	If Teckal tests are not met Council may be open to challenge				C O'Boyle	2	5	19	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	1	3	6	1	3	6	None

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 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								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.							None
					C O'Boyle	3	5	22		1	3	6	1	3	6	
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	3	4	18	Consider secondment of staff into company for mobilisation

ID	% Compl	Task Name	Duration	Start	Finish	2019															
						Qtr 3, 2018			Qtr 4, 2018			Qtr 1, 2019			Qtr 2, 2019			Qtr 3, 2019			Qtr 4, 20
						Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
1	19%	HTS Mobilisation plan	228 days	Mon 06/08/18	Wed 19/06/19	HTS Mobilisation plan															
2	100%	Risk	45 days	Mon 06/08/18	Fri 05/10/18	Risk															
3	100%	Prepare Risks and Issues Log	45 days	Mon 06/08/18	Fri 05/10/18	Prepare Risks and Issues Log															
4	21%	Communication	97 days	Tue 18/09/18	Wed 30/01/19	Communication															
5	21%	Stakeholders	97 days	Tue 18/09/18	Wed 30/01/19	Stakeholders															
6	100%	Complete initial stakeholder mapping	14 days	Tue 18/09/18	Fri 05/10/18	Complete initial stakeholder mapping															
7	100%	Complete stakeholder analysis	7 days	Mon 08/10/18	Tue 16/10/18	Complete stakeholder analysis															
8	0%	Agree stakeholder Comms Strategy	14 days	Thu 13/12/18	Tue 01/01/19	Agree stakeholder Comms Strategy															
9	0%	Medium for communication	21 days	Wed 02/01/19	Wed 30/01/19	Medium for communication															
10	0%	Establish a single information outlet and advise all stakeholders	21 days	Wed 02/01/19	Wed 30/01/19	Establish a single information outlet and advise all stakeholders															
11	0%	Establish official means of communication	21 days	Wed 02/01/19	Wed 30/01/19	Establish official means of communication															
12	0%	Establish Hierarchy of information for release on a need to know basis where security/commercial interests may be affected.	21 days	Wed 02/01/19	Wed 30/01/19	Establish Hierarchy of information for release on a need to know basis where security/commercial interests may be affected.															
13	10%	Governance	181 days	Wed 10/10/18	Wed 19/06/19	Governance															
14	20%	SET UP HTS (H&R) Ltd	120 days	Wed 10/10/18	Tue 26/03/19	SET UP HTS (H&R) Ltd															
15	50%	Draft Articles complete	28 days	Wed 10/10/18	Fri 16/11/18	Draft Articles complete															
16	50%	Draft Scheme of Delegation complete	28 days	Wed 10/10/18	Fri 16/11/18	Draft Scheme of Delegation complete															
17	50%	Revised ToR for SSC complete	28 days	Wed 10/10/18	Fri 16/11/18	Revised ToR for SSC complete															
18	0%	Interim BP and Transition Plan approved by Cabinet	1 day	Thu 06/12/18	Thu 06/12/18	Interim BP and Transition Plan approved by Cabinet															
19	0%	Appoint Board members	7 days	Mon 18/03/19	Tue 26/03/19	Appoint Board members															
20	0%	Produce draft financial regs/adopt HDC financial regs	30 days	Tue 01/01/19	Mon 11/02/19	Produce draft financial regs/adopt HDC financial regs															
21	0%	Establish loan facilities/market rate transfer arrangements	60 days	Fri 07/12/18	Thu 25/02/19	Establish loan facilities/market rate transfer arrangements															
22	0%	Compliance with Trading Disclosure regulations	30 days			Compliance with Trading Disclosure regulations															
23	0%	BANKING	96 days	Tue 25/12/18	Tue 07/05/19	BANKING															
24	0%	Set up banking arrangements	30 days	Wed 27/03/19	Tue 07/05/19	Set up banking arrangements															
25	0%	Set up VAT arrangements	30 days	Wed 27/03/19	Tue 07/05/19	Set up VAT arrangements															
26	0%	Company accounts arrangements	30 days	Wed 27/03/19	Tue 07/05/19	Company accounts arrangements															
27	0%	Register for Corporation tax - advise of dormant period after incorporation				Register for Corporation tax - advise of dormant period after incorporation															
28	0%	Reporting to Board, SSC and HDC	30 days	Wed 27/03/19	Tue 07/05/19	Reporting to Board, SSC and HDC															
29	0%	HTS Board meetings	30 days	Wed 27/03/19	Tue 07/05/19	HTS Board meetings															
30	0%	Schedule HTS (H&R) Ltd Board Meetings	30 days	Wed 27/03/19	Tue 07/05/19	Schedule HTS (H&R) Ltd Board Meetings															
31	0%	SSC meetings	1 day	Wed 27/03/19	Wed 27/03/19	SSC meetings															
32	0%	Update SSC work plan with requirements for HTS (H&R) Ltd	1 day	Wed 27/03/19	Wed 27/03/19	Update SSC work plan with requirements for HTS (H&R) Ltd															
33	0%	BUSINESS PLAN	1 day	Tue 15/01/19	Tue 15/01/19	BUSINESS PLAN															
34	0%	Final business plan sign off by SSC	1 day	Tue 15/01/19	Tue 15/01/19	Final business plan sign off by SSC															
35	0%	AUDIT	97 days	Tue 05/02/19	Wed 19/06/19	AUDIT															
36	0%	Appoint external auditor	31 days	Wed 08/05/19	Wed 19/06/19	Appoint external auditor															
37	0%	FOI REQUESTS				FOI REQUESTS															
38	0%	Application and fee to ICO on point of trading	1 day			Application and fee to ICO on point of trading															
39	0%	Define systems, procedures and processes for FOI	30 days			Define systems, procedures and processes for FOI															
40	0%	Set up system, procedure and process for FOI requests	30 days			Set up system, procedure and process for FOI requests															