

SUMMARY

The purpose of this business plan is to shape the next 5 years by setting clear objectives which fulfil the vision established by HTS (Property & Environment) Ltd and Harlow Council. Following a very successful first year of business that delivered on many fronts our updated 5-year business plan drives forward from our second year of trading. It sets the priorities for HTS (P&E) Ltd and the context in which we operate, building on our highly successful start from February 2017. The achievements of the first year are also detailed showing the capacity of our company to deliver on our promises to Harlow Council as our shareholder, to the people of Harlow as our customers, and to our employees as our most important asset.

The first year of operating addressed the key challenges of affordability, service resilience, return to shareholder, and flexibility in service delivery. Across our experienced team we have been delivering excellent service for many years, and our track record proves that we have the knowledge, skills and capabilities to perform at a high level. This means that the ambition to achieve the goals set for us in the last 2 years is both credible and delivered. Achieving our objectives continues to take sound planning, consistent leadership, collective effort, innovation and flexibility. It also requires unrelenting focus on those objectives, to measure our progress, deal with the challenges, and recognise our successes. Because of our achievements to date we are delighted to be given the opportunity to further expand the services we provide in the community.

MICHAEL HARROWVEN
Non-Executive Chair

JOHN PHILLIPS
Managing Director

Includes graphic of “2017-18 headline figures” showing:

- *apprenticeships and work experience numbers*
- *customer satisfaction*
- *green waste processed*
- *grass maintained*
- *Health and Safety standards*
- *investment in quality standards and equipment*
- *investment with local suppliers*
- *profit returned to Council*
- *property repair numbers*

(Contents page photo)

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1. Introduction

This Business Plan sets out how HTS (Property and Environment) Ltd will operate between April 2019 and January 2022. It outlines the business aims and the activities undertaken to achieve them, building upon the outputs of the Balanced Scorecard performance measures and primary objective to support the delivery of Harlow Councils' Corporate Priorities. HTS (Property and Environment) Ltd delivers the following core services:

Abandoned vehicles
Cyclical maintenance
Cleaning and caretaking of communal housing
Compliance works including gas servicing, electrical testing and water hygiene
Construction, remodelling, and refurbishment of Council owned property situated on Council land
Drainage and gully repairs and maintenance
Facilities Management services
Grounds maintenance
Highway repairs
New build and refurbishment of Council housing
Planned maintenance
Pest control
Responsive repairs
Street cleaning
Stray dog collection
Supporting elections
Vehicle maintenance

*Graphic showing:
9,000 SOCIAL HOUSING units MAINTAINED*

220 non housing assets MAINTAINED

2. Vision, Mission and Values

At HTS (Property and Environment) Ltd we are clear about who we are and what we want to achieve, our vision is 'to sustainably grow our business with our motivated workforce delivering the best customer experience in the sectors in which we work'. We have a customer focussed mission to be both *the provider of choice, and employer of choice*, for the services we offer. We use innovative practices that deliver value for money for our customers and allow us to grow and provide a return for our shareholder.

Our values demonstrate our commitment to our mission, grouped into 5 key areas below

Leadership and accountability

- We will have a clear vision of where we are going.
- We will consider the customer, client, employee and community needs when making decisions.
- We will accept personal accountability to meet the business needs, improve our processes and help others improve their effectiveness.
- We will value and reward open, honest communication.

Customer Satisfaction

- We will consider the customer in all we do.
- We will fulfil the expectations of our customers and employees.
- We will deliver what's right for the customer.
- We will treat our customers with care, respect and consideration.

Safety and Environment

- We will ensure the protection of people and the environment over competing goals.
- We will recognise, correct and always report potential hazards.
- We will take responsibility for our own safety and for those around us.
- We will help make Harlow a place where people want to live and work.

People

- Our employees will always be our most valued and valuable asset.
- To treat everyone fairly, equally and with mutual respect.
- We will recruit and retain the best people to work for us.
- We will build the business from within by developing, promoting and rewarding people in line with their performance.
- We will encourage and promote healthy lifestyles for our employees.

Ethics

- We will maintain the highest standards for customers, employees, clients and communities.
- We will be accountable for our conduct and decisions.
- We will only make promises we intend to keep.
- We will avoid any conflicts of interest and operate within the law.

Graphic showing:

*½ MILLION MAN HOURS WORKED OVER THE LAST YEAR WITHOUT A REPORTABLE INCIDENT
35% BELOW HSE AVERAGE
95% CUSTOMER SATISFACTION FOR HOUSING REPAIRS
OUR CALL CENTRE SUCCESSFULLY DEALT WITH 52K CALLS DURING THE PAST YEAR*

3. Governance and Structures

HTS (Property and Environment) Ltd was formed on the 24 December 2015, as a wholly owned subsidiary of HTS Group Ltd, and is a Local Authority Trading Company (LATC) operating under “Teckal” rules. HTS (Property and Environment) Ltd is governed by Articles which are supplemented by a Scheme of Delegation which in turn refers to this Business Plan (any changes to the Business Plan, Articles or the Scheme of Delegation must be approved by the Shareholder Sub-Committee under their agreed terms of reference). These governance arrangements give the ability to determine and deliver operational objectives and make commercially sound decisions within the Teckal arrangements. HTS (Property and Environment) Ltd will demonstrate that it meets Teckal arrangements via:

- annual review by Shareholder of the Scheme of Delegation, determining final decision making powers and delegations commensurate to that of a Council department,
- purchasing guidelines and financial regulations that supplement the Scheme of Delegation in line with Council arrangements for the same including commitment to apprenticeships, Living Wage and combatting modern slavery,
- demonstrable shareholder control and influence, with an appropriate annual work plan allowing decisive influence over both strategic objectives and significant decisions, and
- 80% of HTS annual turnover deriving directly from Harlow Council business with third party works reported to the Shareholder for monitoring.

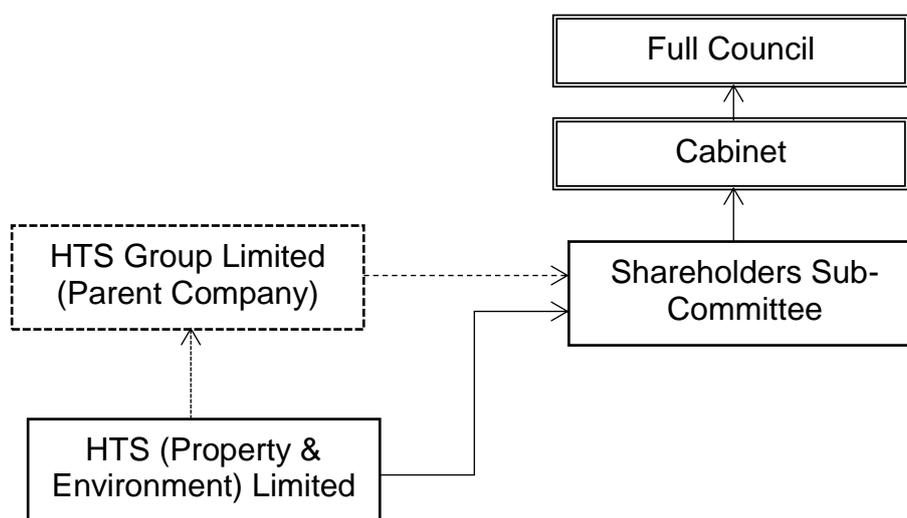
The Shareholder Sub-Committee has the following terms of reference:

- To receive reports and approve Key Decisions (those decisions related to, but not limited to, borrowing of funds, changes and appointments to senior management structure, strategic policy

adoption) of HTS Group and its subsidiaries, including, but not exclusively, the Articles of Association, the scheme of delegation, the appointment of Board Advisors, appointment to any standing committees of the HTS Group and its subsidiary and determining shareholder controls.

- To be consulted on the appointment and dismissal of Statutory Directors for HTS Group and its subsidiaries and external auditors.
- To hold all HTS Group Boards to account.
- To receive and agree the Business Plans for HTS Group Limited and its trading subsidiaries.
- To receive financial and performance monitoring reports and accounts for the HTS Group and its subsidiaries.
- To approve activities and thresholds contained in each scheme of delegation for HTS Group and its subsidiaries.
- To be consulted and approve any proposals to change the HTS Group Limited and any subsidiary corporate structure.

The structure of the HTS Group and subsidiary HTS (Property & Environment) Limited is shown in the diagram below and Harlow Council is the sole shareholder for HTS Group Limited, who in turn hold the single issued share in HTS (Property & Environment) Limited. Three politically balanced councillors are appointed by the Council to serve as directors on boards of both HTS Group and HTS (Property & Environment) Limited and the politically balanced Shareholder Sub Committee holds ultimate decision making over the HTS Group of companies at a corporate level, and provides strategic oversight. The Shareholder Sub-Committee is a sub-committee of Harlow Council's Cabinet.



The HTS (Property and Environment) Ltd Board of directors set and deliver the strategic direction of the company, delivering best value efficient services and encouraging activities within a framework of prudent, commercially minded and effective controls which manage risk and reward, to be entrepreneurial and innovative in delivering acceptable returns to the Council. The Board ensure that all legal and regulatory obligations are understood and discharged and reviews profit and loss account, balance sheet, cash flow statement and financial position quarterly.

THE HTS (Property and Environment) Ltd BOARD COMPRISES

- Non-Executive Chair
- Councillor Director x 3
- HTS (Property and Environment) Managing Director

Serviced by a Company Secretary

The Board is supported by a sub-committee structure, dealing with specific activities (sub-committees have no delegated authority beyond that held by individual positions of those who may participate in such groups).

The Senior Management team is made up of:

Managing Director
 Finance Director (Company Secretary)
 Operations Director
 Commercial Director
 Safety, Health, Environmental and Compliance Manager
 HR, Payroll and Communications Manager

4. Objectives

HTS (Property and Environment) Ltd has established its strategic planning using the Balanced Scorecard Methodology. Flowing from the company's Mission, Vision, and Values the company is continually and proactively aligning business units and processes to achieve operational and service excellence, business growth and development, and a can do team culture creating a positive impact on operations throughout the company. This balanced scorecard targets until 2022 are as below:

	2017/18	2018/19	2019/20	2020/21	2021/22
Finance					
1. Achieve pre-tax profit margin of 2.5% by end of FY 2019/20. (After a min of 2.5% return to Shareholder)		2.375%	2.5%	2.5%	2.5%
2. Borrowing ratio of less than 60% by end of FY 2018/19.		45%	43%	36%	30%
3. Acid ratio in excess of 1.00.		1.00	1.00	1.00	1.00
4. Minimum cash reserve of £0.5m by end of year FY 2018/19.		£0.5m	£0.5m	£0.5m	£0.5m
5. Deliver cashable and non-cashable year on year efficiencies (As demonstrated by case studies) NB: Linked to growth in profit.		-	-	-	-
6. Deliver a competitive and profitable (minimum margin of 4.5%) £5.8m capital works programme by end of FY 2017/18.		£5.8m @ 5.0%	£5.8m + index uplift @ 5.0%	£5.8m + index uplift @ 5.0%	£5.8m + index uplift @ 5.0%
Operational Performance					
1. Achieve an overall success rate of 95% against the major and minor KPI suite.		95%	95%	95%	95%
2. Sickness absence rate below 4% annualised.		3.9%	3.8%	3.7%	3.5%
3. Health and safety performance below HSE accident incident rate. Attain 500,000 hours reportable accident free.		500,000 hours reportable accident free			
4. 100% compliance with regulatory requirements.		100% compliance			
5. Value of spend on subcontractors on the ASC to be no greater than 10% of the ASC budget.		9.5%	9.0%	8.5%	8.0%
6. To achieve an overall success rate of 95% of customer repairs dealt with Right First Time.		95.25%	95.5%	95.75%	96%
Culture					
1. Invest 500 working days (£60K) in corporate social responsibility.		500 working days/60K per annum			
2. To ensure that employees on average receive three days training per annum.		Average of 3 days per annum			

3. Recruit apprentices to fill one in three leaver vacancies (in line with business needs) to a maximum of 10 apprentices by the end of FY 2017/18.	Apprentices recruited			
4. An agreed-upon succession plan.	Succession plan agreed annually			
5. Minimum 60% return rate of staff satisfaction surveys with a satisfaction rate >60%	Minimum 60% return of surveys with a satisfaction rate >60%			
6. Place the customer experience at the heart of how HTS operates.	Case studies			
7. Illustrate an innovation driven and entrepreneurial culture.	Case studies			
8. Equality and diversity targets to monitor:				
<ul style="list-style-type: none"> • Social Inclusion – quarterly • Gender – M 79.72% F 20.18% • Gender Pay Gap – statutory annual requirement 2.56%% • Full time/Part time quarterly F/T 91.67% P/T 8.33% • Possible Milestone achievements – <ul style="list-style-type: none"> ➢ Introduction of social inclusion model (CIC) or formal partnerships with local community/charitable organisations ➢ Achievement of Disability Confident Champion (level 3 status) 	<ul style="list-style-type: none"> *See below M 80% F 20% 0.7% *See above 	<ul style="list-style-type: none"> M 79% F 21% 0.6% FT 92.15% PT 7.85% *B.Y.E. 2019/20 B.Y.E. 2019/20 	<ul style="list-style-type: none"> M 78% F 22% 0.6% FT 92.15% PT 7.85% *See above 	<ul style="list-style-type: none"> M 77% F 23% 0.55% FT 92.15% PT 7.85% *See above

HTS has identified initiatives within its Business Plan to help with the successful implementation of these balanced scorecard objectives.

Finance

HTS (Property and Environment) Ltd is focussed on delivery of cashable and non-cashable year on year efficiencies through maximising and growing cash reserves, maintaining a strong cash flow and managing this efficiently to support business objectives alongside developing a programme to renew the asset base with the latest and most efficient business assets. HTS (Property and Environment) Ltd is committed to paying suppliers and subcontractors on time/before time, to support local economy.

Operational

Health and Safety of the workforce and the public remain a high priority and HTS (Property and Environment) Ltd continues to invest in robust and sector leading H&S procedures and policies.

Compliance is a strength of ours, with the British Standards Institute (BSI) completing their audits for ISO9001, ISO14001 and OHSAS45001 (will transition to ISO18001 in near future) in November 2017. This successful audit demonstrated a notable objective by HTS (Property and Environment) Ltd to start operations with a major emphasis on safety and compliance.

Success against the KPI suite has also been strong with LGSR Gas Servicing at 100%, and environmental measures against fly tip and graffiti removals also performing very well. We are looking to enhance system functionality for Environmental work stream including use of GIS mapping to improve service delivery visibility and drive effective improvement, and also implement an online Voids management system for compliance certification/evidence.

Culture

Our culture is what truly defines us as different from the rest and is our **only** truly unique identifier. The type of work that we carry out can be replicated, but it's our personality, the way we do things underpinned by our values, that makes us a success. We're a company that listens to what matters to our customers and client.

Since HTS (Property & Environment) Ltd launch on 1st February 2017, we have invested in a range of improvements that we believe demonstrate the true nature of our business and define the culture at HTS (Property and Environment) Ltd. Our main drivers to achieve our innovation focused and entrepreneurial, culture have been to serve the local community of Harlow and to support our client – Harlow Council. Innovations to date include fuel via on-site fuel pumps at approx. 20% lower cost and renting parts of the building to commercial tenants, generating income without incurring additional costs thus resulting in 100% profit. These initial improvements highlight the benefits to HTS (Property and Environment) Ltd, Harlow Council and the people of Harlow. We will continue to assess and identify areas where services can be enhanced further with efficiencies made where possible.

We are a significant local employer for local people and over 69% of our employees live in Harlow postcode areas. An added benefit of this is that a high proportion of salaries paid stays in the local economy, applying an important multiplier effect. We have developed a local supply chain, so again our financial spend stays longer in the local economy, supporting jobs and communities. For 2018 and beyond we intend to drive a social inclusion and diversity strategy, aimed at maximising our impact on the local economy and labour force.

HTS (Property & Environment) Ltd is committed to the principles of opportunity, fairness and equality for all, both in the services that it provides to the community and in its role as an employer. We believe this can be better achieved by a workforce that values and reflects diversity. Our plans moving forward over the next few years are to further develop a wider social inclusion model with local charities/organisations, continuing to ensure fair and equitable pay levels and building upon our Disability Confident employer status.

We have chosen to sponsor a locally based charity St Clare Hospice who care for and provide free support to hundreds of people across Essex. To date we have been able to provide donations and raise funds on a regular basis. In addition, we have promoted and encouraged employee volunteering to support local community projects such as Harlow Carnival, carrying out mock job interviews with local schools, providing work experience for local schools and apprenticeships.

5. Growth and Strategy

HTS (Property and Environment) Ltd continues to analyse market trends and conditions to ensure we are best placed to react to opportunities as they arise. We will focus our efforts on creating efficiencies and innovation in delivering our core services as well as further developing opportunities in these areas:

- House building and regeneration
- Facilities Management
- Bidding for places on frameworks with Local Authorities
- Capital works tender opportunities (via Business case to HDC or open market to third parties)
- Environmental works tender opportunities (via Business case to HDC or open market to third parties)

Market analysis

Harlow Council have ambitious plans for the future, working with neighbouring authorities. The Local Plan sets out how the town will be transformed over the next 15 years with strategy based on:

- Public Health England establishing a 'National Science Hub' in Harlow,
- Anglia Ruskin University confirming the construction of their 'MedTech' Business Innovation Centre,
- the Enterprise Zone hosting global organisations Pearson Education, Raytheon and Arrow,
- the launch of Kao 'Data' centre at Kao Park taking advantage of the excellent broadband facilities that Harlow has to offer and encouraging more business in Harlow,
- Harlow's location on the London/Cambridge corridor attracting and retaining businesses in the area,
- the agreed construction of junction 7a of the M11,
- over 16,000 homes within the greater Harlow area,
- 10,000 new jobs created by the new and existing businesses in Harlow,
- regeneration in the town centre,
- the promise of 30% affordable housing,
- widening of Edinburgh Way and Gilden Way,
- possible increased rail links from London, and
- health service bids to central Government for new provisions for Princess Alexandra Hospital.

On 14 June 2018 a Cabinet decision was made for HTS (P&E) Ltd be appointed, subject to acceptable business cases being submitted, to undertake associated construction works for a programme of house building. This opportunity is a vital step forward for us, representing the start of the planned and measured diversification strategy, strengthening our commercial base and leveraging our knowledge, experience and skills.

We will continue to track the progress of the commercial developments in Harlow, and have identified the opportunity this presents for HTS (Property and Environment) Ltd as a facilities management services provider to commercial occupiers and will offer this service following delivery of similar services to Harlow Council. With strong pressure continuing on the local authority sector to be commercial in their strategies and approach, we will increase our focus on becoming the service delivery partner of choice for revenue work streams and capital projects/ programmes for local public sector organisations, operating within the parameters of our Teckal status. We will also continue to lead and support the setting up of a national federation of LATCo's, and the trading/procurement opportunities this may bring.

In order to deliver

- We will be ready and able to respond to market conditions in respect of client priorities and opportunities that fit the HTS (Property and Environment) Ltd skills base.
- We will listen to our customers and have in place mechanisms to respond to their requirements and change the business accordingly.
- We will get closer to and understand the demands on key clients.
- We will undertake efficiency reviews.
- We will increase productivity levels through improved leadership and, where possible, the use of better, more effective technology.
- We will continue to invest in our talent pool, identifying employees who are able and want to progress at all levels. In respect of the Board posts, ensure we have designated staff in place at least 12 months in advance of retirement.
- We will progress and invest further in meeting the needs of the most vulnerable in our communities.

Competition

In the Harlow area there already exist a number of contractors who carry out planned maintenance works for Harlow Council. There are opportunities arising from our unique offering of:

- Higher customer satisfaction levels
- Better performance levels
- Enhanced value
- Assured compliance

A key advantage of our relationship with our shareholder is that the HTS (Property and Environment) Ltd net profit margin is returned directly to Harlow Council.

Within our housing construction income stream there are numerous competitors, from national developers to speculative builders. We will seek to win this work through the business case route, and demonstrate that HTS (Property and Environment) Ltd deliver on time, to specification and within budget. We will continue to deliver added value to local economy while providing a collaborative partnership approach to the relationship.

Our Strategic Risks are:

- Financial Sustainability
- Business Sustainability
- Operational Delivery
- Employee Engagement
- Information Governance and Data Compliance

In the light of our growth opportunities, we will review and update our risk registers as required with proactive monitoring, reporting, management and scrutiny.

Graphic showing:

6 APPRENTICES EMPLOYED

140 WORK PLACEMENTS FOR LOCAL STUDENTS

Graphic showing Geographic coverage map

SWOT ANALYSIS

In order to focus our marketing and business development on areas with the maximum potential we have considered both external threats and opportunities, together with internal strengths and weaknesses, as set out below:

STRENGTHS

- Our People – their experience and skills from operatives to office staff to management
- Met and exceeded Year 1 service delivery outputs and achievements
- Exceeded CSR targets
- Continue to meet and exceed CSR values and programmes
- Strong shareholder support from Harlow Council
- Invaluable experience and knowledge retention among whole workforce
- Our continued investment in the local community and employment/training
- Strong and positive relationship with our key stakeholders - Harlow Council, tenants, customers, clients
- Reputation – our people are trusted
- 5 year contract to 2022 allowing the business to grow and enabling continued planning and investment
- Depth of capability, skills and knowledge in the workforce across a diverse range of activities
- Reputation as an employer of choice, local people want to work for us – Disability Confident, Living Wage, staff benefits
- One stop shop for a wide range of services
- Innovation - introducing new initiatives such as mobile software to improve efficiencies
- Strong and robust Health and Safety culture
- Collaborative working with clients, customers and preferred suppliers
- Continued improvements and sustained accreditation from Management Systems (achieved within year 1, audited in year 2 and sustained) e.g. OHSAS 18001, ISO 9001, ISO 14001
- Investment in fleet, equipment and people – continual improvement in reliability and efficiency
- Continuous investment in staff training

WEAKNESSES

- Relatively short trading period to date means bidding is challenging
- Low HTS (Property and Environment) Ltd visibility beyond Harlow communities and Council
- Diversity profile on Board
- Skills shortages across the sector

- Securing third party works – lack of marketing and engagement to date
- Requirement to update IT system efficiencies and software in line with growth
- Ability to refresh skills base as we grow and diversify

OPPORTUNITIES

- Harlow Council commitment to building Council Houses provides opportunity to bid for works
- Successful offering of Facilities Management services to Harlow Council can be extended to local companies – high number of office based premises within the town
- Unique relationship with Harlow Council means HTS (Property and Environment) Ltd can align its future strategies and investment with Council's own to ensure correct resourcing for future capital projects the Council choose to prioritise
- Regeneration schemes within Harlow for commercial/health/education sectors provide opportunity to expand upon major works projects to date
- Third party works services could be offered to neighbouring local authorities/RSLs to deliver repair services to their housing stock
- Third party works to public sector within Harlow to deliver environmental services
- Neighbouring authorities to Harlow will require Health and Safety training for staff, especially in relation to construction projects related to growth
- Potential for shared services with other LATCs (e.g. materials supply) – value for money/reduced costs

THREATS

- Failure to balance growth opportunities with core service delivery could lead to reduced KPI performance for main services agreement
- Ability to recruit staff with right skills (at all levels) – for current workload and future opportunities
- Not adapting to market needs or having the ability to diversify quickly enough
- Delivering core services alone could lead to failure to diversify, lack of aspiration/dynamism
- Ability to adapt to lack of continuity/loss of confidence among stakeholders e.g. Due to political change/change of strategic priorities
- Impact of central government strategies and public sector cuts on our client base
- Dramatic changes in funding resources
- Not being able to demonstrate a compelling case to extend the contract
- Failure to achieve fundamental buy-in on our joint objectives with stakeholders

Looking to 2022

Following a successful first year of trading, HTS (Property and Environment) Ltd is looking to maximize the opportunities available both locally and in the surrounding areas. HTS (Property and Environment) Ltd was established to deliver the repairs and maintenance of Harlow Council's 9000 Social Housing units and 220 non housing assets together with the cleaning and grounds environmental works within the town. The company will also deliver a further £29million of housing related capital works over the first 5 years of operation. We are outward looking and can have a wider reach beyond the Harlow area; our values and experience mean we can deliver performance, quality, and value for money, along with high levels of customer satisfaction.

In order to utilize the business skills of the Senior Management Team, and our skilled work force who have previously managed additional work streams in the region of £14m per annum, a number of opportunities have been identified to allow us to maximize the return on the Council's investment in HTS (Property and Environment) Ltd between now and 2022 and ensure that Harlow Council can move forward and deliver its own aspirations, these include

1. Improve Resources and Knowledge and Skills
 - Maintain BSI reaccreditation audit, and ISO external audits
 - Implement equipment initiatives, including use of drones
 - Research initiatives for energy and material reduction
 - Review of IT solutions for site works, SHEC controls and reports
 - Explore potential to act as a consultant to other businesses, LATCs and councils; provide support, advice, updates and audits
 - Play a leading role in promoting a LATCO Federation creating opportunities to set up a procurement framework

- Continue to invest in our people to support career progression
 - Continue to develop our Apprenticeship programme
 - Work experience placements at 140 per year
 - Exceed the National Living Wage and continue to commit to not paying below
 - Become a Disability Confident Champion
2. Improve Quality and Reliability, Efficiency and Reduce complaints
 - Deliver the core contract activities, achieving outputs and quality standards against our core business areas driving continuous improvement, reducing failure instances, enhancing customer service/experience
 - Deliver the 5-year Capital Programme (2017/18 to 2019/22) at a total investment of £29 million (index linked)
 - Deliver a strong cash flow and cash management policy to allow investment in state of the art equipment to facilitate improved services and efficiencies as well as continuing to invest in the training of the work force to the highest industry standards
 3. Improve Safety, Health, Environment and Compliance
 - Achieve measured improvement in Environmental Services performance outputs
 - Explore potential for SLA with Harlow Council H&S auditing and support
 - Become 'Driving for Better Business' champion and promote road safety in the local area
 - Increase work with schools to promote Health and Safety and environmental practices
 4. Increase Customer Base and Improve Customer Satisfaction
 - Exceed Balanced Scorecard targets –continuously accumulate evidence/data and report regularly to the Shareholder - to evidence our good performance, obtain sign off, and get feedback
 - Offer web based repairs ordering, to provide wider access for customers to report and track repairs
 - Reduce 52 week Planned Priority for repairs.
 - Explore flexible appointment times for customers
 - Increase core trading – capital programme extension over next 3 years
 - Extend the range of services and solutions and increase earned income from third parties, and non-core Harlow Council work via Business Cases
 - Pursue offering FM services to local commercial sector
 - Business Cases to provide construction solutions for new homes and commercial property
 - Business Cases to carry out refurbishment, remodelling and construction to Council owned properties over and above existing contractual arrangements
 5. Improve Stakeholder, Community and Social Relations
 - Continue to strengthen communication channels with stakeholders; establish a joint internal/external communications strategy with Harlow Council
 - Expand communications strategy for promoting plaudits and positive customer satisfaction results

6. Financial model and forecast

The financial projections (including actual performance for Y1) for the Company is presented in the table below, in order to produce this forecast a number of assumptions have been made; namely

- inflation at 3% per annum across all contracts based on B.M.I.,
- capital works programmes are delivered year on year from 2020 onwards,
- house building is based upon a set price per unit and reflects Harlow Council Housing Delivery Programme agreed by cabinet on 6 December 2018,
- all work is competitively priced and is profitable,
- corporation tax is forecast to remain at 19%, and
- the opportunity to win business cases, and tenders for large capital works – including new build housing.

Revenue Summary	Mar 17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
	£000s	£000s	£000s	£000s	£000s	£000s
ASC	£2,878	£17,265	£17,472	£17,996	£18,536	£19,092
Capital Works	£135	£3,478	£5,419	£7,823	£6,395	£6,586
3rd Party	£16	£71	£509	£750	£900	£1,100
Harlow Council - Building	£0	£0	£1,000	£4,750	£6,500	£18,000
Total Revenues	£3,029	£20,814	£24,400	£31,319	£32,331	£44,778

ASC and balanced scorecard

Performance against the ASC core service delivery and financial elements of the Balanced Scorecard is good. All works are budgeted to make a margin of at least 4.5% providing the targeted profit levels and this will enable returns to Harlow Council to rise from the £542k paid by HTS (P&E) Ltd in respect of 14 months to March 2018 up to over £1m before tax by March 2022.

ASC performance over the first 18 months of the contract has been positive; over performance in environmental areas has been achieved due to savings on staff and subcontractor costs, this approach to creating efficiencies within our operating model is something we will target to other areas of delivery over the next 3 years.

Working capital projections and commercial model

Working capital forecasts are strong arising from the strong trading and cash flow and the bank balance is forecast to grow year on year up to £4.7m before any repayments to Harlow Council.

A strong profit forecast enables the Harlow Council Loan to be repaid in full by the end of year 5 as per the loan agreement.

HDC Capital programme

Commitment has been made by Harlow Council for annual capital programme works to be awarded, subject to Business Case, to value of £5.8m plus index uplift per annum until 2022.

The work awarded for the year to March 2019 include £3m of Internal works, £900k of Aid and Adaptions, and £700k of Remedial and Rewiring works.

Third party growth

Third party revenue of £94k pa has been secured through subletting of Mead Park depot premises, and further work to understand where other opportunities exist to maximise income from this asset will take place. Additional third-party income is made up of Facilities Management opportunities and planned works for third parties.

Reinvestment and fleet/plant replacement

Significant capital expenditure is forecast to replace the aging fleet and to modernise the delivery of services to the council. This includes the replacement of 35 vehicles and a JCB at a total cost of £880k in the year to 2020.

Future investments will look at the viability of environmentally friendly replacement vehicles, plant and equipment together with the investment in improved IT solutions including

- GIS mapping
- Finance
- Maintenance systems including Dynamic Scheduling and Tenant Portal for real time appointments

Supply chain

HTS (Property and Environment) Ltd is committed to working with Harlow Council in order to develop mutually beneficial relationships together and within our supply chain. Our experience has shown that if we can offer the opportunity to develop long term relationships in which collaborative working can prosper, there can be many benefits. HTS (Property and Environment) Ltd's main supplies provider is Jewson, a competitively tendered arrangement that sees the supplier located on site with us. The relationship with Jewson provides great value for HTS (Property and Environment) Ltd, Harlow Council and residents in the following ways:

- Jewson pay rent and service charge to HTS (Property and Environment) Ltd which is additional income,
- Jewson have committed to funding 2 additional Apprenticeship places,
- Jewson have employed 5 additional people in Harlow as a result of the arrangement until 2022, and
- 1% of Jewson's turnover with HTS (Property and Environment) Ltd will be used to support CSR/community projects.

Added value from this partnering arrangement also includes:

- an efficient on-site supply base for HTS (Property and Environment) Ltd trades teams,
- a supplier who stocks the right products – supporting our front line services and 'right first time' approach,
- joint working between both HTS (Property and Environment) Ltd and Jewson Buyers' teams, to get the best value, and
- working together on back office efficiencies to reduce overhead costs.

Additionally, HTS (Property and Environment) Ltd has accounts with 78 other local suppliers who are used on a regular basis. Many of the services they offer are essential to us and 38% of our sub- contractors are based within 10 miles of Harlow. In addition to the use of local subcontractors and suppliers the same ethos applies to the employment of local residents, HTS (Property and Environment) Ltd currently employs 337 people of which 233 (69%) live in Harlow, and in our first 18 months of trading we employed 46 new employees of which 30 (65%) live in Harlow.

7. Performance Achievements

In our first 18 months of operation HTS (Property and Environment) Ltd delivered the following against our primary objective to support Harlow Council's Corporate Priorities:

HARLOW COUNCIL OBJECTIVE	HTS (P&E) Ltd RETURN
<ul style="list-style-type: none"> • More and Better Housing 	<ul style="list-style-type: none"> • <i>Delivered 45,000 repairs per annum in 2017/18</i> • <i>Delivering 10,000 gas services per annum</i> • <i>Delivering Capital Works programmes to improve homes in Harlow</i>
<ul style="list-style-type: none"> • Regenerating the town and supporting a thriving economy 	<ul style="list-style-type: none"> • <i>70% of our workforce live in the local postcode; using local subcontractors and supply chain</i>
<ul style="list-style-type: none"> • Promoting social inclusion 	<ul style="list-style-type: none"> • <i>Accredited Disability Confident and Living Wage employer</i>
<ul style="list-style-type: none"> • A clean, green and sustainable environment 	<ul style="list-style-type: none"> • <i>Maintaining 4 million square metres of grass per annum</i> • <i>Processed 5,700 cubic metres of green waste in 2017/18</i> • <i>Recycling over 65% of the waste we create</i>
<ul style="list-style-type: none"> • Successful young people and improving citizenship 	<ul style="list-style-type: none"> • <i>Working with local students to provide work experience places for students – 140 placements in 2017/18</i> • <i>6 apprentices employed in 2017/18 with a maximum of 10 be employed depending on business needs</i>
HARLOW COUNCIL PRINCIPLE	HTS (P&E) Ltd RETURN
<ul style="list-style-type: none"> • Providing community leadership and good governance <i>(three Shareholder appointed Councillors sit as Councillor Directors)</i> 	<ul style="list-style-type: none"> • <i>Holding tenant and leaseholder forums</i> • <i>Provides transparency to the politically balanced shareholder</i>
<ul style="list-style-type: none"> • Sound resource management 	<ul style="list-style-type: none"> • <i>Employing locally and keeping the Harlow £ in Harlow</i> • <i>Making the depot available for local businesses</i> • <i>Sharing training courses with subcontractors and partners</i>

INFOGRAPHIC

“Excellent service – very professional and polite. Thank you!”

1. All Service Operations, people and assets successfully transitioned into the newly formed LATCo
2. Effective and successful financial risk management for HTS (Property and Environment) Ltd – HTS (P&E) Ltd - and Harlow Council
3. Successful service continuity for all customers during transition and launch phase
4. Established an effective platform for growth and performance
5. Pre-existing liabilities validated and resolved including, H&S training, IT data transfer

“Thank you once again, it’s refreshing to talk to someone who is both helpful and pleasant. You share both of those qualities freely and that’s a rarity these days. I just wanted to let you know that it’s appreciated.”

6. Vehicle fleet, materials and equipment assets procured and mobilised
7. Achieved key management system accreditation standards – OHSAS 18001 for health and safety, ISO 14001 for environmental, and ISO 9001 for quality
8. Payroll system successfully setup and rolled out with minimum disruption to employees

“The chap who came out was really helpful and polite. I wish all work men/women were like him. Great example to the apprentice he had with him”

“The guy who carried out the work went above and beyond to complete the job. First class workmanship. Very professional and a good man. Thank you.”

9. Service Delivery Performance continues to be maintained above the 95% target
10. Robust financial management includes loan repayment to Harlow Council at a commercial rate of interest
11. Supported Harlow Council with Health & Safety expertise

“The men were really hard workers, and we are very pleased with the result. The fence has been fixed in the past, but never to the standard it is now. The men were respectful and hardworking to the finish.”

12. 6 apprentices employed in 2017/18 and provided 140 work placements for local students
13. Investment in new IT infrastructure, hardware and software, including PDAs for operatives
14. Delivery of over 500 days of CSR activity worth over £60,000.00

Graphic showing:

CALL ANSWER RATE 97% REMAINED ABOVE THE TARGET OF 90%

100% GRAFFITI REMOVED WITHIN TARGET TIMESCALE

99% CUSTOMER SATISFACTION

Returns to shareholder

After the first year of trading we can already highlight not only the extent to which financial targets have been met but also showcase the non-cashable returns over and above expectations that have been provided both to the business and our shareholder. Non-cashable benefits such as supporting local events, policies to employ locally and promote internally, donations to Harlow College, providing work experience for local school children, apprenticeship programme and improvements to Mead Park Depot are just a few examples of what has been achieved thus far.

- Return to Harlow Council of over £540k included in the first year of trading.
- New power tools investment of £70K
- CSR donated days investment of £70K
- Free training to HDC staff investment of £10K
- Additional new plant and tools investment of £23K

- HTS (P&E) Ltd additional expenditure on Environmental works worth £339K including additional labour and plant
- Office and IT equipment investment of £242k
- Plant and equipment investment of £702k
- Motor vehicles investment of £292k

A total investment in the year of £1,037,000

8. Moving Forward

(photo)

ALFIE PREATER

Carpentry Apprentice

"I'm very grateful for the opportunity HTS have given me, taking me on as one of their first 6 apprentices. I have learnt so many new skills from working within the Carpentry department. The department I work with are fantastic and couldn't have done any more to have made me feel like part of the team, rather than just the young apprentice. Being an 18 year old local lad working for a local company means even more to me and I'm excited about my future with HTS".

In an initial period that has seen HTS (Property and Environment) Ltd mobilise, transition and deliver a full range of services to exacting standards we can be truly proud of what has been achieved by all who work for the business.

The confidence this has provided our shareholder now puts us in a strong position to grow our offering, as we move into the new challenges of diversifying our business.

We believe the opportunity to undertake house building and regeneration projects will be met by our committed team and are determined to improve our offering going into year 3 and beyond.

Michael Harrowven
Non-Executive Chair

HTS (Property and Environment) Limited was incorporated on 24 December 2015 with Company Registration Number 9929963. The Registered Office of HTS (Property & Environment) Limited is Civic Centre, The Water Gardens Harlow Essex CM20 1WG. HTS (Property & Environment) Limited is a wholly owned subsidiary of HTS Group Limited which was incorporated 24 December 2015 with Company Registration Number 9929960. The Registered Office of HTS Group Limited is Civic Centre, The Water Gardens Harlow Essex CM20 1WG.

The Shareholder Sub-Committee is a sub-committee of Harlow Council's Cabinet.