

**REPORT TO:** SHAREHOLDER SUB COMMITTEE

**DATE:** 25 JUNE 2019

**TITLE:** BEST VALUE REVIEW UPDATE

**LEAD OFFICER:** SIMON HILL, HEAD OF GOVERNANCE (01279) 446099

**CONTRIBUTING OFFICER:** REBECCA FARRANT, OPERATIONS MANAGER (01279) 446811

**RECOMMENDED that:**

A The Sub Committee notes the progress on the Best Value Review

**BACKGROUND**

1. Following the first two years of trading the Council is carrying out a review of the operation of, and services delivered by, HTS (Property and Environment) Ltd. In setting up a Local Authority Trading Company to deliver services Cabinet, in October 2016, set a review process in place to demonstrate the company was achieving value for money.
2. The review will seek to ensure delivery of services received from HTS (Property and Environment) Ltd is meeting Council held and contractual expectations, statutory/ regulatory requirements, and has arrangements in place that will deliver continuous improvement and efficiency. This report sets out progress and next steps of the Review to date.
3. The review is being carried out by steering group of Officers, led by Head of Governance Simon Hill, and involves participation from a wide range of Council and HTS staff, along with Members involved in the various stakeholder groups linked to HTS (Property and Environment) Ltd service delivery such as the Service Improvement Team, Housing Standards groups and Boards and the Shareholder Sub-Committee.
4. The review will allow HTS (Property and Environment) Ltd to demonstrate to the satisfaction of the Council that it understands and has incorporated the principles of best value into its operation, securing continuous improvement through optimal use of resources to spend less; spend well and spend wisely. The outcomes of the review will be presented to Cabinet in early 2020.
5. There are 4 key themes for review as below:
  - a) Budgetary control and management
  - b) Performance
  - c) Governance

d) Relationships

6. The expected outcomes on the review will be;

a) possible contractual changes if identified as required to alleviate any blockages in progression, or being necessary to support additional activities or processes required,

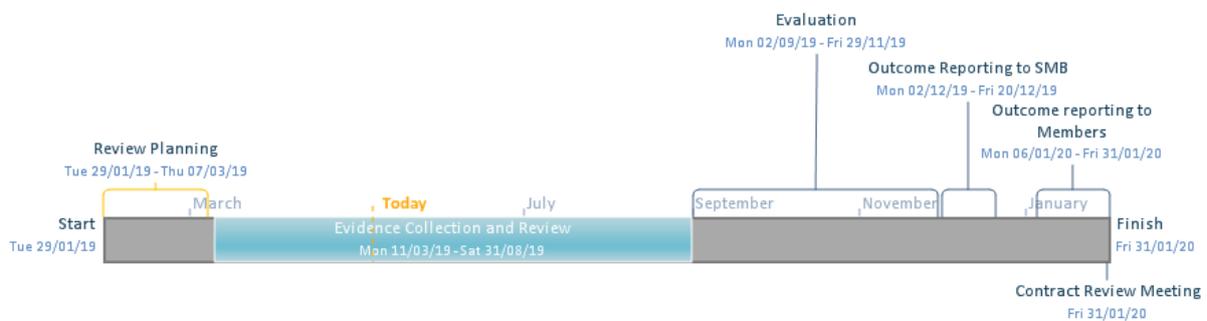
b) action plans as required to capture what’s needed in areas of operations, finance and performance.

7. These outcomes will form the basis for the consideration of a decision regarding contract extension to be made; this will then be recommended to Cabinet.

**ISSUES/PROPOSALS**

8. The current Project Plan Gantt chart (dated 10 June 2019), is set out in appendix A (as the project progresses additional work items may be included and timescales may change). The initial planning stage of the project completed at the end of February 2019 with all activities completed on target. The second, and current, phase of the project, Evidence Collection and Review, is scheduled to take place from March-August 2019. A Project timeline showing each stage is below:

**Table 1 – Project Timeline**



9. A summary of the RAG status for each Review area in the current phase is included below (as at 10 June); the activities for each Review area include the submission of evidence, examination of evidence, and production of a draft recommendation report.

**Table 2 – Review Area RAG Statuses**

Review Area	Evidence Collection and Review phase (tasks)	Scheduled completion date	Status
1.	Review of Annual Service Charge (changes to date and forward forecasts)	Fri 12/07/19	

2.	Demonstration of value and intentions for third party works	Fri 02/08/19	
3.	Demonstration of processes and procedures for supply chain management	Fri 14/06/19	On track
4.	Demonstration of midterm investment plan	Fri 02/08/19	
5.	Examination of payment mechanism	Sat 31/08/19	
6.	Demonstration of succession planning within organisation (legacy and retainment)	Tue 23/07/19	
7.	Demonstrate innovation/entrepreneurial culture (expansion of balanced scorecard case studies)	Sun 30/06/19	On track
8.	Examination of KPI suite	Tue 30/07/19	
9.	Demonstration of adherence with governance documents (TECKAL health check)	Fri 26/04/19	Complete
10.	Demonstration of adherence with services agreement obligations (contract health check)	Fri 26/04/19	Complete
11.	Demonstration of adherence with statutory and regulatory requirements (compliance health check)	Fri 28/06/19	On track
12.	Examination of process for strategic direction (Business plan implementation)	Fri 31/05/19	Complete
13.	Demonstration of Internal culture (and future enhancement)	Mon 12/08/19	
14.	Examination of relationship with Harlow Council (governance structures and routes for communication and decision)	Fri 02/08/19	
15.	Examination of external reputation (customer satisfaction and access)	Fri 02/08/19	

## Next Steps

10. The next phase of the project will be the evaluation of draft recommendation reports, this phase will cover September and October 2019 and a detailed schedule for this phase will be programmed as the review phase draws to a close as it will be dependent to some extent on the number and detail of recommendations made by Officers and HTS (Property and Environment) Ltd senior team during the Review phase.

## Stakeholder Involvement

11. Stakeholder involvement is a key aspect of the review and will include evidence collated from minutes of formal meetings through which stakeholders from housing leaseholder, and tenant groups have contributed, and also those meetings of the environmental service improvement group. Officer engagement from across the Council will see areas of finance, environment, housing, non housing and legal services leading on areas for review, with counterparts within

HTS (Property and Environment) Ltd also involved. Additional stakeholder input from Members will be required for the review of the Company's external reputation, focussing on customer satisfaction and improved access routes. As part of the review into this area, Leaders of the Council and Opposition will be invited to participate in a review session to take place in late summer.

## **Communications**

12. Monthly communications to officers and members have been issued since the project commenced, and regular communications will continue, with relevant Portfolio Holders of Housing, Environment and Resources receiving more detailed updates alongside this. Any Member wishing to receive further information or make comment on the review is invited to do so at each point of communication. Parallel communication briefings are also provided to HTS (Property and Environment) Ltd workforce to ensure consistency and cohesion of messages across the two organisations.

## **IMPLICATIONS**

### **Place (Includes Sustainability)**

It is vital that the Council has in place affordable, flexible and resilient arrangements to provide the services the Council specifies within a changing fiscal environment.

**Author: Andrew Bramidge, Project Director – Enterprise Zone and Interim Head of Planning**

### **Finance (Includes ICT)**

None specific.

**Author: Simon Freeman, Head of Finance and Deputy to the Managing Director**

### **Housing**

It is vital that the Council has in place affordable, flexible and resilient arrangements and an ambitious improvement plan, outlining efficiencies to match the Council's priorities and level of resources and to provide the services the Council specifies within a changing fiscal environment.

**Author: Andrew Murray, Head of Housing**

### **Community Wellbeing (Includes Equalities and Social Inclusion)**

None specific.

**Author: Jane Greer, Head of Community Wellbeing**

### **Governance (Includes HR)**

The report sets out the Council's progress against a Best Value review requested by Cabinet which is currently timed to report by the contractual deadline set under the LATC Service Agreement. This requires a meeting with HTS (Property and Environment) Ltd where the Council will lay out its terms for agreement of any extension which must take place on or before 1 February 2020. The report indicates that the review is currently running on track to meet that contractual requirement.

**Author: Simon Hill, Head of Governance**

## **Appendices**

Appendix 1 – Project Plan GANTT Dated 10 June 2019

### **Background Papers**

None.

### **Glossary of terms/abbreviations used**

None.