

**REPORT TO:** SHAREHOLDER SUB COMMITTEE

**DATE:** 25 JUNE 2019

**TITLE:** PERFORMANCE AND BALANCED SCORECARD

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

**RECOMMENDED that:**

- A** Shareholder Sub Committee (SSC) acknowledges both the year end (2018/19) outturn and current (2019/20) performance/financial position set out in paragraphs 3 to 14 as follows:
- i) HTS (Property & Environment) Ltd (HTS) has achieved a reported 100 per cent success rate for both the year end 2018/19 and April 2019/20 against the current suite of major and minor KPI's that govern the contract.
  - ii) An actual retained profit level totalling £413,299 as at March 2018/19 and are forecasting a level of £431,000 for the year ending March 2019/20.

**BACKGROUND**

1. HTS (Property & Environment) Ltd was established to deliver repairs and environmental maintenance services previously carried out by Kier Harlow Ltd.
2. In setting up a Local Authority Trading Company (LATC) the Council has created a business that can act commercially, generate income for the Council, trade externally, and importantly deliver Council Corporate plan priorities. The SSC has been established to provide strategic governance and oversight over these commercial and operational activities of its company/s.

**ISSUES/PROPOSALS**

**Operational Performance**

3. The approved targets within the HTS Business Plan/Balanced Scorecard outline Council themes and priorities for delivery. A summary of progress on performance for April 2019 is outlined in Appendix A.
4. HTS continues to demonstrate progress against Balanced Scorecard priorities. Progress indicates operational, financial, business growth and culture performance are at 100 per cent with objectives projected to be on target for the year 2019/20. Areas for consideration include Business growth where HTS have

indicated risk for delivery in future years. HTS need to continue to strive and deliver tangible social impact whilst realising efficiencies and demonstrating best value as part of their ongoing business planning/improvement activities.

5. Monthly detailed performance reporting which includes Major, Minor measurement performance indicators, complaints and member enquiries, together with case work are reviewed in detail at the Housing/Environment Portfolio Holder meetings. Detailed performance reports are available as background papers if required. Notable highlights reported include:
  - a) LGSR Gas Servicing – This continues to be a success story for HTS and the Council alike, maintaining excellent performance at 100 per cent compliance since contract inception.
  - b) Routine cleaning of streets KBT (NI 195) Detritus, to grade A standard (Wave) – Continuation of excellent performance in compliance with standards required.
  - c) Empty full and overflowing litter and dual use bins within 3.5 hours of the report being received – Excellent continual performance at 100 per cent completion within priority.
  - d) Tree works – Excellent performance maintained at 100 per cent across all tree works KPIs.
  - e) Graffiti/Fly posting removal of racist or obscene nature – Excellent performance maintained at 100 per cent.
  - f) Monitor and report the number of abandoned calls that occur in the Call Centre – Excellent call answer rate at 96 per cent of all incoming calls.
6. SSC need to note that HTS have reported one health and safety reportable incident during this review period relating to an operative repairing a drawer within a Council property. However, it must also be noted HTS have reported the person hours without Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) totals 41,080 and achieving “0” Accident Incident Rate (AIR) at the end of April 2019.
7. In addition, HTS as part of their business plan activities, have successfully been granted new a business case relating to the Civic Centre facilities management.
8. Discussions are ongoing between the Council and HTS Harlow Science Park for a business case related to facilities, management and maintenance of the Science Park. It is further proposed for the Council to develop a further business opportunity for HTS for Science Park landscaping later in the year.

### **Financial Performance**

9. The controllable budgets assigned to HTS are managed within an existing Annual Service Charge (ASC) payment, uplifted annually for inflation. The actual

ASC to March 2018/19 was £17,871 and the forecasted ASC to 2019/20 is £18,235. SSC will note for year end 2018/19 that £579,000 was returned to the Council as a Management Fee for exceptional items in the form of Management Charges. A summary for both year-end 2018/19 and March 2019/20 is shown in the table below:

	March 2018/19	March 2019/20
Retained Profit	£413,299	*£413,000
Reserves	£825,599	£1, 250,000
Cash Flow (as per CF statement submitted)	£2,136,479	To follow
Harlow Council Loan outstanding	£701,826	£467,884

*Note: \*Minus assumed management fee for exceptional items in the form of Management Charges back to the Council.*

10. Current progress and financial forward forecasting for HTS is outlined in the updated Shareholder statement which is shown in Appendix B. The audited Management Accounts for the year end 2018/19 are reported later in the Agenda as a referral from HTS Board.
11. In addition, the Services Agreement allows the Council to award Housing Capital Works to the value of £5.8 million on a year by year basis up to 2021/22. The value of the work packages for 2018/19 totalled £8,055,553 which included the annual allocation together with a carryover from 2017/18. The reported outcome at year end March 2018/19 totalled £5,294,000 with a carryover for approval of £2,327,000.
12. The Council has also invited HTS to submit new Business Cases for potentially three new projects associated with the "Council House Building" Programme These include The Readings, which involves the construction of three new properties, Sumners Farm, which is a conversion of a building into four self-contained flats and Hare Street which is a renovation of existing buildings.

### **Supplementary Performance**

13. At previous meetings, SSC were advised of the intentions of HTS taking on a lead responsibility for the creation of a new Federation of LATC's. The inaugural LATC's Federation meeting took place on 26 July 2018, hosted at Mead Park in Harlow. Members of the meeting included representatives from Oxford City Council, Hounslow (Lampton 360 Group) and Anthony Collins solicitors. This will be developed with reports coming regularly to SSC meetings as required.
14. In the financial year 2018/19, there were a number of audit reports relating to the HTS involvement. This included the Payment Mechanism, Council Governance, and Repairs service. These reported a moderate, substantial, and moderate performance accordingly with the management actions being taken forward and being reported to the Audit and Standards Committee. Updates will also be made to the SSC on a regular basis as required and aligned to the established Best Value Review plan which progress which is reported later in the agenda.

## **IMPLICATIONS**

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

None specific.

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

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

As contained within the report.

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

### **Housing**

As outlined in the report.

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

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

None specific.

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

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

Appropriate procurement processes including value for money benchmarking is applied to business case awards to HTS.

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

## **Appendices**

Appendix A – Balanced Scorecard

Appendix B – Shareholders Statement – March 2019 (the April Statement will be to follow)

## **Background Papers**

None.

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

AIR – Accident Incident Rate

ASC – Annual Service Charge

HTS – HTS (Property & Environment) Ltd

KPI – Key Performance Indicator

LATC – Local Authority Trading Company

RIDDOR - Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

SSC – Shareholder Sub Committee