

**MINUTES OF THE SHAREHOLDER SUB COMMITTEE
HELD ON**

25 June 2019

7.30 - 8.30 pm

PRESENT

Sub Committee Members

Councillor Mark Ingall (Chair)
Councillor Joel Charles
Councillor Andrew Johnson
Councillor Mark Wilkinson

Officers

Rebecca Farrant, Operations Manager (Property and Facilities)
Andrew Murray, Head of Housing
Adam Rees, Governance Support Officer

Additional Attendees

John Phillips, Managing Director of HTS (Property and Environment) Ltd

Also Present

Councillor Simon Carter
Councillor Bob Davis
Councillor Frances Mason

1. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Danny Purton.

2. **DECLARATIONS OF INTEREST**

None.

3. **MINUTES**

RESOLVED that the minutes of the meeting held on 15 January 2019 are agreed as a correct record and signed by the Leader.

4. **MATTERS ARISING**

a) Minute 32 - References from Cabinet

In response to a question by Councillor Johnson, Councillor Mark Ingall requested that Andrew Murray, Head of Housing update the Committee advising , that a report on the creation of HTS (Housing and Regeneration) Company is scheduled to be reported to the Sub Committee at their meeting on 7 November 2019 with the workplan updated accordingly.

5. **SUB COMMITTEE WORK PLAN**

Councillor Ingall provided an update on the creation of the housing and regeneration company. The main obstacle was the transfer of land and assets.

It was explained that the legal relationship between the Council and HTS was being considered as part of a range of options. This included the possibility of HTS acting as a mutual. It was agreed that a separate report would be produced on the legal arrangements between the Council and HTS.

RESOLVED that the Work Plan is noted.

6. **OPERATIONAL AND PERFORMANCE REPORTS**

a) Performance and Balanced Scorecard

The Sub Committee received a report which set out HTS' financial and operational performance for 2018/19.

Councillor Johnson said he was concerned by the lack of outturn figures on the balanced scorecard. In response John Phillips, Managing Director of HTS (Property and Environment) Ltd, gave a verbal update on the outturn figures. It was also agreed that the additional information would be circulated to the Sub Committee.

RESOLVED that:

A The Shareholder Sub Committee (SSC) acknowledged both the year end (2018/19) outturn and current (2019/20) performance/financial position set out in paragraphs 3 to 14 in the report 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.

b) Risk Management

Andrew Murray, Head of Housing, explained that there were strategic risks surrounding Information and Governance and this had been raised as an area of concern by the Audit and Standards Committee. Whilst there were robust arrangements there is an expected audit of GDPR reporting and actions to be aligned to the Sub Committee and Audit and Standards

Committee as appropriate. Data transfer controls are expected in accordance with GDPR requirements.

In reply to questions by Councillor Charles about business growth, John Phillips advised that it was reviewed monthly. John Phillips would amend the HTS (Property and Environment) Ltd Risk Register. Innovation included improvements that would be made as part of the customer access review, as well as how equipment was tracked. The Opportunities Register could be shared with Councillors, but it was in the early stages of development.

HTS had continued to develop its third party growth opportunities and has a £100,000 contract with South Cambs Council.

RESOLVED that the Sub Committee noted the strategic risks relating to HTS (Property and Environment) Ltd together with their analysis and mitigation.

c) Social Impact Report

John Phillips presented the Social Impact Report which set out the total social value that HTS had added over 2018/19. The report, produced by HACT, stated that HTS created £1,129,128 of social value in 2018/19.

It was agreed that the HACT would be invited to give a presentation to the Sub Committee and the HTS Board.

RESOLVED that the report be noted.

7. **BEST VALUE REVIEW - UPDATE REPORT**

Rebecca Farrant, Operations Manager, provided an update on the Best Value Review. She explained that the review would be completed in early 2020 and was currently on schedule. The review would determine whether the Council was receiving value for money and would make a recommendation on whether the contract with HTS would be extended.

In response to a question by Councillor Ingall, Rebecca Farrant said that comments about KPIs did not form part of the review, but could be dealt with under business as usual.

RESOLVED that the update report be noted

8. **REFERENCES FROM THE HTS GROUP BOARD**

None.

9. **REFERENCE FROM HTS (PROPERTY AND ENVIRONMENT) LTD**

a) Audited Group Management Accounts - Verbal Update

The Sub Committee raised concerns that the Audited Accounts had not been made available. John Phillips said that HTS were waiting on the external auditor to finalise the accounts. He added that there would be a £579,000 pre-tax profit to the Council. In addition there were two SLAs worth £70,000 and £129,000. This meant the overall profit to the Council was £818,000. HTS' accounts would be receiving an unqualified audit.

The accounts would need to be signed off by the Sub Committee. It was agreed that this could be done at the HACT presentation.

John Phillips to review alignment of end of year accounts closure aligned to reporting to the Sub Committee.

10. **REFERENCES FROM CABINET**

None.

11. **MATTERS OF URGENT BUSINESS**

None.

12. **DATE OF NEXT MEETING**

7 November 2019.

CHAIR OF THE SUB COMMITTEE

Financial
Performance

Financial Performance Summary

OBJECTIVES	PERFORMANCE	COMMENTS
Achieve pre-tax profit margin of 4.75% by end of FY 2018/19. (With a min of 50% return to Shareholder)	✓	HTS achieved 4.8% at the end of FY 2018/19.
Borrowing ratio of less than 70% by end of FY 2018/19	✓	Borrowing ratio stands at 47%.
Acid ratio in excess of 1.00	✓	Acid ratio is 1.20 at the end of FY 2018/19.
Minimum cash reserve of £0.5m by end of FY2018/19	✓	Exceeded target with £0.9m at the end of 2018/19.
Deliver cashable and non-cashable year on year efficiencies	✓	Achieved Objective.
Deliver a competitive and profitable (minimum margin of 5%) £5.8m capital works programme by end of FY 2018/19	✓	Achieved Objective.

5

Minute Item 6a

**Business
Growth**

Business Growth Summary

OBJECTIVES	PERFORMANCE	COMMENTS
By end of FY 2018/19 deliver external third-party profit of £22.5k before tax.		HTS have exceeded this target at £119k before tax.
○ By end of FY 2019/20 deliver external third-party profit of £67.5k before tax.		Data to be provided when information available.
By end of FY 2020/21 deliver external third-party profit of £135k before tax.		Data to be provided when information available.

Culture Performance Summary

OBJECTIVES	PERFORMANCE	COMMENTS
Invest 500 working days (60k) per annum in corporate social responsibility	✓	HTS have achieved target with a contribution of £71k and 553 working days.
To ensure that employees on average receive three days training per annum	✓	Objective achieved with 4.08 training days per annum.
Recruit a maximum of 10 apprentices in line with business needs.	✓	Objective achieved in line with business need.
An agreed-upon succession plan	✓	Achieved Objective
Minimum 60% return rate of staff satisfaction surveys with a satisfaction rate >60%.	✓	Staff satisfaction surveys carried out in February 2019 with 72% returns.
Place the customer experience at the heart of how HTS operates	✓	Achieved Objective with an increase in plaudits/customer satisfaction and a reduction in complaints.
Illustrate an innovation driven and entrepreneurial culture	✓	Achieved Objective
Equality and diversity: <ul style="list-style-type: none"> • Gender Pay Gap • Social inclusion model (CIC)/partnerships with local community organisations • Disability Confident Champion (level 3 status) 	✓	Achieved Objective