

REPORT TO: SHAREHOLDER SUB COMMITTEE

DATE: 7 NOVEMBER 2019

TITLE: BEST VALUE REVIEW UPDATE

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RECOMMENDED that:

A The Sub Committee notes the report.

BACKGROUND

1. Following the first two years of trading, the Council has carried out a review of the operation of, and services delivered by HTS (Property and Environment) Ltd (HTS). 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 record whether delivery of services received from HTS is meeting council held and contractual expectations, statutory/regulatory requirements, and has arrangements in place that will deliver continuous improvement and efficiency. This report follows a previous report to the Sub Committee in June 2019 and sets out progress since that report, and next steps of the review.
3. The review has been carried out by steering group of Officers, led by the Head of Governance, Simon Hill, and has involved participation from a wide range of Council and HTS staff, along with members involved in the various stakeholder groups linked to HTS service delivery such as the Service Improvement Team, Housing Standards groups and Boards and the Sub Committee.
4. The review has been designed to allow HTS 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 December 2019.
5. There are four key themes for review as below:
 - a) Budgetary control and management;
 - b) Performance and Operations;

c) Contract and Governance; and

d) Culture and Relationships.

6. Evidence from each area has been examined to identify where successes are being made, where gaps exist or are at risk of occurring, and where opportunities for improvement or enhancement arise.

ISSUES/PROPOSALS

Progress

7. The main review phase has now been completed with individual reports from 15 work streams now being drawn together in an evaluation phase to draw out overall recommendations and conclusions from the review. The work streams reviewed are as below:

Table 1 – Work Stream Descriptions

No.	Work stream description
1.	Review of Annual Service Charge (changes to date and forward forecasts)
2.	Demonstration of value and intentions for third party works
3.	Demonstration of processes and procedures for supply chain management
4.	Demonstration of midterm investment plan
5.	Examination of payment mechanism
6.	Demonstration of succession planning within organisation (legacy and retainment)
7.	Demonstrate innovation/entrepreneurial culture (expansion of balanced scorecard case studies)
8.	Examination of KPI suite
9.	Demonstration of adherence with governance documents (TECKAL health check)
10.	Demonstration of adherence with services agreement obligations (contract health check)
11.	Demonstration of adherence with statutory and regulatory requirements (compliance health check)
12.	Examination of process for strategic direction (Business plan implementation)
13.	Demonstration of Internal culture (and future enhancement)
14.	Examination of relationship with Harlow Council (governance structures and routes for communication and decision)
15.	Examination of external reputation (customer satisfaction and access)

8. As part of the review a number of actions that fall under 'Business as Usual' have been identified. These are actions relating to activities which are already in progress, or directly feed into something already in progress, and for which there is a contractual mechanism in place to allow it to proceed. A draft action plan for completion of these actions, is attached as Appendix A to the report, with relevant action owners and target completion dates.

Stakeholder Involvement

9. Stakeholder involvement has been a key aspect of the review and 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 have been considered.
10. Additional stakeholder input from Councillors has been sought as part of the work stream reviewing external reputation, focussing on customer satisfaction and improved access routes. A Councillor session attended by membership of the Sub Committee took place on 18 September 2019 where feedback was captured regarding customer satisfaction levels and ease of interaction with HTS (customer access routes). There was also opportunity to provide general Councillor feedback on HTS. Councillor responses focussed on the need to broaden customer base consulted as well as exploring alternative methods and metrics for capturing satisfaction with services. Investment in ICT systems to support customer experience was also identified as a recommendation through these discussions, along with the need to formalise processes for prioritising needs of vulnerable customers. This feedback has been fed into the individual work stream outcome report for review of customer satisfaction and external reputation of HTS.

Communications

11. Regular communications to Officers and Councillors have been issued since the project commenced. Any Councillor wishing to receive further information or make comment on the review is invited to do so at each point of communication. Although the formal review period has completed, any Councillors still wishing to provide comments or feedback on the HTS contract and services provided by it have been invited to do so and any feedback will be fed into the relevant work stream of the review.

Next Steps

12. Following the evaluation of the individual work stream reports, which will take place over October the final report will be reviewed and agreed by the Council's Senior Management Board during November before being presented to Cabinet in December 2019. 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; and

- b) Action plans as required to capture what's needed in areas of operations, finance and performance.
13. Some recommendations may be referred to Sub Committee where appropriate, including specific recommendations to ensure the company's activities in the area of corporate social responsibility and other areas of the Balanced Scorecard are maximised through setting of targets.
14. These recommendations in full will form the basis for the consideration of a decision regarding a contract extension of the Services Agreement with to be made by Cabinet.

IMPLICATIONS

Environment and Planning (Includes Sustainability)

It is vital that the Council has in place affordable, flexible and resilient arrangements to provide the level of environmental services for the communities of Harlow.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT, and Property and Facilities)

None specific.

Author: Simon Freeman, Head of Finance and Deputy to the Chief Executive

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)

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 A – Draft Business as Usual Action Plan

Background Papers

None.

Glossary of terms/abbreviations used

HTS – HTS (Property and Environment) Ltd