

REPORT TO: SHAREHOLDER SUB COMMITTEE

DATE: 7 NOVEMBER 2019

TITLE: PERFORMANCE AND BALANCED SCORECARD

LEAD OFFICER: ANDREW MURRAY, HEAD OF HOUSING
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RECOMMENDED that:

- A** The Sub Committee acknowledges the performance and financial position as at September 2019/20 set out in paragraphs 12 to 17 as follows:
- i) HTS (Property & Environment) Ltd (HTS) has achieved a reported 96 per cent success rate for September 2019/20 against the current suite of major and minor KPI's that govern the contract.
 - ii) An actual retained profit level totalling £493,009 as at September 2019/20 and are forecasting a level of £1,049,000 for the year ending March 2020/21.

BACKGROUND

1. HTS 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 Sub Committee has been established to provide strategic governance and oversight over these commercial and operational activities of its company/s.

SUMMARY OF PERFORMANCE

Operational

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 September 2020 is outlined in Appendix A.
4. HTS continues to demonstrate progress against Balanced Scorecard priorities. The headlines are as follows:
 - a) Operational performance (66 per cent);
 - b) Financial performance(100 per cent);

- c) Business growth (100 per cent); and
 - d) Culture (100 per cent).
5. HTS continue to strive and deliver tangible social impact outcomes whilst realising efficiencies, demonstrating best value as part of their ongoing business planning/improvement activities. Areas for scrutiny, however, include the sickness rate which is below the target at 4.12 per cent, as well as the health and safety Accident Incident Rate (AIR) rating which has dropped below the Health and Safety Executive requirements.
6. 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 if required. Notable highlights reported include:
- a) Average time (in hours) to remove fly tips – Excellent performance at 1.36 hours per job to clear dumped rubbish.
 - b) LGSR Gas Servicing – 100 per cent compliance since contract inception.
 - c) Graffiti/Fly posting removal of racist or obscene nature – Excellent performance maintained at 100 per cent.
 - d) Routine cleaning of streets to grade A standard (Wave) Litter - KBT (NI 195) – Continuation of excellent performance in compliance with standards required.
 - e) Tree works – Excellent performance maintained at 100 per cent across all tree works KPIs.
 - f) Routine cleaning of streets to grade A standard (Wave) Litter – KBT (NI 195) – Continuation of excellent performance in compliance with standards required.
7. Underperforming KPI's include urgent requests for work to complete within five working days from the report by tenant of a commercial property or other stakeholders, the emptying of full and overflowing litter and dual use bins within 3.5 hours of the report being received.
8. The Sub Committee should note health and safety progress during this period which include enhanced sub contractor management, commencement of trials for improved vibration equipment, GDPR action plan implementation, policy updates, enhanced drug and alcohol testing, nominated for an Environmental award. However, the following operational target areas have been identified:
- a) OCRS score now on red due to MOT failure of HGV vehicle. Specific additional vehicle checks are now in place to ensure pre testing of

vehicles prior to MOT. This along with procedural changes will ensure full compliance going forward

- b) Further Noise surveys required for the use of machinery within parks and transport sections
 - c) Waste licence update required for to allow HTS to hold clinical waste
 - d) SMART meters outstanding to be used meters – further to be installed in Mead Park depot
 - e) Use of Drone technology for to be considered for work at height inspections
9. HTS have reported no reportable incidents during this review period. It must also be noted there have been no data breaches for September 2019. However, some outstanding breach investigations are still be closed out, and a break in at Mead Park depot being investigated with a report being finalised.
10. In addition, HTS as part of their business plan activities, have successfully been granted new Business Cases relating to the following:
- a) Harlow Science Park facilities, management and maintenance.
 - b) Civic Centre facilities management.
11. It is further proposed for the Council to develop a further business opportunity for HTS for the Science Park landscaping later in the year.

Financial

12. The controllable budgets assigned to HTS are managed within an existing Annual Service Charge (ASC) payment, uplifted annually for inflation. The actual ASC to September 2019 was £9,117,000 and the forecasted ASC to March 2020 is £18,158,000. A summary for September 2019/20 is shown in the table below:

Table 1 – ASC Summary

| | Actual Year to Date 2019 | Forecast Year ending March 2020 |
|---|--------------------------------|---------------------------------------|
| Retained Profit | £493,000 | £1,064,000 |
| Reserves | £1,319,000 | £1,890,000 |
| Cash Flow (as per CF statement submitted) | £2,235,000 | £2,750,000 |
| Harlow Council Loan outstanding | £565,000 | £448,000, |

13. Current progress and financial forward forecasting for HTS is outlined in the updated Shareholders' Statement which is shown in Appendix B. The audited

Statutory Accounts for the year end 2018/19 are reported later in the Agenda as a referral from HTS Board.

14. 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 2019/20 total £9,602,000 including carryovers from previous year. HTS are reporting a spend of £1,942,546, with a forecast delivery of the allocated programme of works value of £9,442,316. This figure includes fixed price items within the ASC of £1,014,000 and an allocated budget of £460,000 for Sumners Farm that is yet to be commissioned.
15. In September 2019, the Council has 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. Tenders are currently being evaluated.
16. Activity for HTS Council appointed Directors are included as appendices C, D and E.
17. In 2018, an audit of HTS's strategic governance was completed and an audit opinion was provided of substantial assurance regarding strategic governance arrangements in place for the Council as shareholders of HTS. This report is attached as Appendix F to the report.

IMPLICATIONS

Environment and Planning (Includes Sustainability)

None specific.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT, and Property and Facilities)

As contained within the report.

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)

None specific.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Balanced Scorecard

Appendix B – Shareholders' Statement
Appendix C – Director Input (Councillor Bob Davis)
Appendix D – Director Input (Councillor Chris Vince)
Appendix E – Director Input (Councillor Simon Carter)
Appendix F – Internal Audit Report

Background Papers

Major and Minor KPI reporting

Glossary of terms/abbreviations used

ASC – Annual Service Charge
HTS – HTS (Property & Environment) Ltd
KPI – Key Performance Indicator
LATC – Local Authority Trading Company