

Appendix A

HTS (Housing and Regeneration) Limited

Business Plan

Version 5.4
March 2020

1 Summary and Vision

1.1 Executive Summary

- 1.1.1 This document lays out the initial business plan for HTS (Housing and Regeneration) Limited as wholly owned subsidiary of HTS Group. It includes:
- a) Our vision and values.
 - b) An analysis of the market place we will operate in
 - c) An explanation of the service we will offer
 - d) A description of our legal form and our governance arrangements
 - e) An overview of our delivery requirements
 - f) Initial pipeline of schemes demonstrating the viability of our business
 - g) An implementation plan outlining initial actions to enable trading operations

1.2 Vision for the future

- 1.2.1 The vision for HTS (Housing and Regeneration) Ltd (the Company) is to embrace the vision set out within the Council's corporate plan and within the Local Development Plan as well as to aid and assist the council in its delivery.
- 1.2.2 Key to that vision and the focus of the company will be the delivery of :
- a) More and better housing – tackling the housing need of Harlow residents, both in quantity, affordability, range and quality.
 - b) Regeneration and a thriving economy – regenerating Harlow and supporting a thriving economy that benefits all the people of Harlow wherever possible.
- 1.2.3 These priorities have been embedded in Harlow's Local Development Plan, shaping Harlow over the next 13 years ensuring the efficient use of land and securing future sustainable development delivering the needs of the community. The Local Development Plan sets out the need to build 9,200 homes in Harlow over this period.
- 1.2.4 There are a number of emerging strategies including the Local Development Plan, Harlow and Gilston Garden Town Spatial Vision and the Harlow Town Centre Area Action Plan, all of which provide context and the opportunities for growth, in particular housing growth within the district and its environs.
- 1.2.5 In order to support the Council's ambitions for more and better housing the Company will initially focus on the acquisition of residential properties within Harlow and will bring those properties up to a high quality standard in order to make them available for rent to the local population of the town. The Company will look to secure a range of homes both in terms of size and rent levels to ensure that the business model is sustainable and aligned

with the appropriate property sizes based on the council's Housing Needs Register wherever possible. The company will seek to undertake new-build development opportunities where these are demonstrated to be financially viable.

1.3 Differentiators

- 1.3.1 The Company is an integral part of the Council's existing trading group structure. The Company will work alongside and complement the Council's development proposals within the Housing Revenue Account by supplementing and meeting demands for both affordable and market rent properties by effectively intervening directly in the local housing market.
- 1.3.2 The Company will be able to take advantage of the 'Teckal' exemption held in Regulation 12 of the Public Contract Regulations 2015. As a parallel Teckal vehicle, the Company will provide trading synergy to direct and work with HTS (Property and Environment) Limited to provide services within the HTS Group for the Council subject to procurement regulations. It is anticipated that this will be work similar to that already undertaken by HTS (P&E) Ltd for the Council's Housing Service on voids works and ongoing housing repairs and maintenance.
- 1.3.3 The creation of the Company provides a platform for a greater stewardship role in place- shaping, and potential financial return to the Council. The Company will provide the Council with greater freedoms and flexibilities to take innovative steps to meet local housing needs, and act as a vehicle to deliver town wide regeneration alone or with strategic partners. The aim of the company will be to increase the supply of high standard rented accommodation within the town.
- 1.3.4 The principle of the Council borrowing at Government-backed public sector loan rates and achieving a revenue margin through on-lending creates a reliable source of capital for the Company and will also provide a revenue stream to the Council from the interest it will receive. The Company also benefits from the following:
 - a) Commercial freedom over rent setting.
 - b) Opportunities to provide affordable alternatives to fulfil the legal duty to provide emergency temporary homeless accommodation.
 - c) Commercial growth in direct response to demographic trends (addressing gaps in demand by an underperforming private market)
 - d) Opportunity to generate a long term income stream through the assembly of an asset base which is income generating.

1.4 Organisational form, ownership and governance.

- 1.4.1 HTS Group was incorporated as a Holding Company with the Council as shareholder allowing for the creation of subsidiaries. This approach reduces the risk that would otherwise be created through holding one single company which undertakes a broad range of activities that may not fall within the expertise of its Directors.

1.4.2 HTS (Housing and Regeneration) Ltd (Company Registration Number 11499394) is incorporated as a subsidiary of HTS Group, being the wholly owned trading arm of Harlow Council.

1.4.3 The Governance arrangements for the company are set out within section 4 of this plan.

1.4.4 The Council as sole shareholder will retain corporate control of the HTS Group via the Shareholder Sub Committee.

2 Vision and Purpose

2.1 Vision

2.1.1 To renew and reinvigorate Harlow as a place with an economically thriving and inclusive community; maximising residential and commercial opportunities, to secure investment and commitment, to create a better future for all who live, work and enjoy the town.

2.2 Mission

2.2.1 The Company's mission will be to deliver mixed use housing maximising socially rented homes for the use in housing those on the Housing Needs Register and to reduce dependency on private sector providers of high cost temporary accommodation. Where viability can be demonstrated it will consider commercial developments compliant with planning policy, and shape and commission town wide regeneration aligned with Harlow Council corporate priorities.

2.3 Strategic objectives

2.3.1 The Strategic Objectives of the company will be to –

- Acquire properties on the open market for rent and/or sale.
- Where financially viable, develop Council land for residential purposes.
- Deliver more and better mixed use housing for Harlow.
- Tackle housing need in order to reduce homelessness.
- Where viable, deliver neighbourhood regeneration and priority estates schemes.
- Prepare for growth within Harlow.
- Support the economic development of Harlow.

2.4 Values

2.4.1 Our values demonstrate our commitment to our mission through the below;

2.5 Regeneration and Reinvigoration

2.5.1 Improve and increase the availability of quality homes in Harlow.

2.5.2 A commitment to deliver to high standards of design, working within the framework of the Harlow Design Guide and the design principles of the Harlow and Gilston Garden Town.

- 2.5.3 Make Harlow a place where people want to work and live, and can afford to live.
- 2.5.4 Recognise and support local needs for housing and commercial development.
- 2.5.5 Boost Harlow's position as a centre of economic activity.

2.6 Stewardship

- 2.6.1 To contribute to the aspiration for high quality place-shaping for Harlow's residents.
- 2.6.2 To focus on sustainable locations, making the best use of existing resources and land.
- 2.6.3 To protect and enhance Harlow's unique historical identity and masterplanning principles in plans for growth.
- 2.6.4 To create and support balanced, diverse and functional communities for the future.

2.7 Leadership and accountability

- 2.7.1 Have a clear vision of where we are going.
- 2.7.2 Consider the client, employee and community needs when making decisions.
- 2.7.3 Accept personal accountability to meet the business needs, improve our processes and help others improve their effectiveness.
- 2.7.4 Value and reward open, honest communication.
- 2.7.5 Across the HTS Group Ltd we hold shared values in areas of Leadership and Accountability.

2.8 Ethics

- 2.8.1 Maintain the highest standards for customers, clients and communities.
- 2.8.2 Be accountable for our conduct and decisions.
- 2.8.3 Only make promises we intend to keep.
- 2.8.4 Avoid any conflicts of interest and operate within the law.
- 2.8.5 Across the HTS Group Ltd we hold shared values in areas of Ethics

3 The Market

- 3.1.1 There are a total of 37,140 homes in Harlow in 2017, of which 9,430 are owned by the Local Authority.

Tenure	Number of Dwellings	% of Stock
Owned by Local Authority	9,430	25.4%
Private Registered Provider	1,980	5.3%
Private Sector Rented	4,605	12.4%
Private Sector Owner/Occupier	21,169	56.9%
Total Housing Stock	37,140	100.0%

4 The Team

4.1 Governance model

4.1.1 The governance arrangements proposed (Articles which are supplemented by a Scheme of Delegation which in turn refers to this Business Plan) look to give HTS the ability to determine and deliver operational objectives and make commercially sound decisions within the Teckal definition. The Articles direct HTS (Housing and Regeneration) Ltd as a company, including voting rights, casting votes, quorum and general objects. Once adopted these will be a matter of public record. The Scheme of Delegation and Business Plan determine final decision making powers and strategic direction and activities respectively, and provide shareholder influence over the Company. The three governance documents will be inter linked and inter dependent, and any changes must be approved by the Shareholder Sub- Committee under their agreed terms of reference.

4.2 Board

4.2.1 Following the established principles of the existing group structure the Board will consist of no more than three Councillor Directors, a Head of Service, a managing director, and a non-executive chair. Articles will be finalised at the HTS Group board for compliance checking and to ensure synergy with the Group and its other subsidiary, HTS (Property and Environment) Ltd, before recommendation is made to the Shareholder Sub Committee for decision to adopt.

4.2.2 A register of director interests will be held, updated and monitored. Risk will be monitored on an ongoing basis. Conflict of interests will be managed and provided for within the Articles. Directors training in respect of statutory duties will be delivered at the earliest opportunity.

4.2.3 Insurance for directors, together with employee cover, professional indemnity will be placed as soon as possible using Harlow Council's insurance team.

4.3 Board Duties

4.3.1 The core duties of the HTS (Housing and Regeneration) Ltd Board are,:

- a) To deliver the strategic direction of the company as set by the Shareholder.
- b) To deliver best value efficient services.
- c) To grow the company and support and further Harlow Council's priorities and corporate values.

- d) To operate within a framework of prudent, commercially minded and effective controls which manage risk and reward.
- e) To be entrepreneurial and innovative to deliver acceptable returns to the Council.
- f) To ensure that all legal and regulatory obligations are understood and discharged.

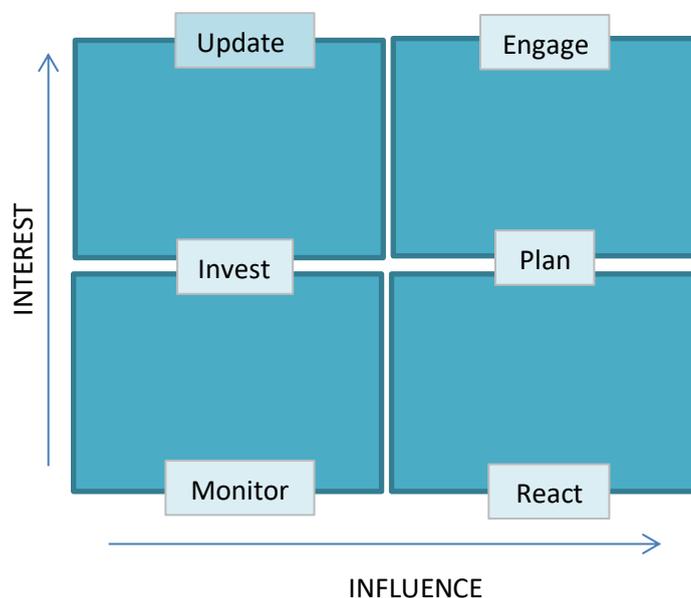
5 Stakeholders

5.1.1 The individuals, groups, and organisations that will have an influence on, be affected by, or be involved with the activities undertaken by HTS (Housing and Regeneration) Ltd can be identified as the:

- a) The Company's shareholder as the main client.
- b) Current and future residents and business owners who will be the beneficiaries of services delivered through the company.
- c) Potential contractors and supply chain who will assist with delivery.
- d) Investors, land and infrastructure related parties who will need to be engaged to assist delivery.
- e) Potential influencers in the shape of government policy, economic factors and neighbouring authority decision makers.

5.2 Stakeholder mapping

5.2.1 Key stakeholders for the Company and its activities will be identified and analysis will be carried out to determine the level of interest and influence each stakeholder has. This analysis allows the Company to plan its levels of engagement and frequency of communication with stakeholders based on their interest and influence, and also the nature of relationships with the Company.



6 Quality Assurance and Monitoring

6.1 SWOT Analysis

6.1.1 The company will operate on a scheme by scheme basis, delivering discrete, viable schemes for delivery within Harlow. Each scheme will require the letting of contracts for scheme designers, civil and building contractors, and project managers, and performance indicators and measures of quality of product and service will be included as a contractual requirement to maintain high quality product delivery. Each scheme will be evaluated at completion to allow continuous quality improvement to be built into performance measures and indicators for subsequent schemes.

6.1.2 In order to more fully understand the position of the company at the commencement of trading the following SWOT analysis has been undertaken –

Strengths	Weaknesses
<ul style="list-style-type: none"> • The Company will help support the Council in the delivery of affordable housing within the area. • The existing property management skills available within the Council can be used to support the business. • Long term capital growth. • Income generated for the Council through loan interest payments, direct service provision and potential profits. 	<ul style="list-style-type: none"> • Initially a lack of experience/trading history in the rental market directly within the company. • Risk of impacting on the local housing market through direct intervention. • Currently direct delivery of new build properties is proving to be unviable. • Lack of experience of housing development/construction.
Opportunities	Threats
<ul style="list-style-type: none"> • Increase in the availability of high quality well managed housing in the area. • Support for local people to rent a home. • Potential for the increase in company value through long term capital growth. • Ability to create strong links between the company and HTS (P&E) Ltd for void and property repairs works. • Potential future opportunities may occur for commercial development. 	<ul style="list-style-type: none"> • Government intervention in council companies and borrowing. • Government intervention through expansion of Right to Buy scheme. • Increases in interest rates. • In ability to achieve the target rents across the portfolio.

6.2 Risk management

6.2.1 Based upon the SWOT analysis risks have been assessed and have been grouped into political, economic, social/cultural, operational/technological and legal risk categories as detailed in Appendix 1. The keys risks are related to economic uncertainty following the UK's departure from the EU and the need to formalise board structures early on and make arrangements for resourcing the company in areas of key delivery. These latter two risks can be reduced significantly through early action on adoption of full suite of governance documents, whereby the residual risk is reduced significantly.

7 Resources

7.1.1 In order to deliver the required service and meet our Vision, Mission and Strategic Objectives, the Company will require access to start up and investment funding. The Company will source this funding through the Council subject to approval as sole shareholder, The Company will repay any loan facilities including interest to the Council over the agreed loan period (s). The Company will require start-up funding to commence property acquisition and develop its asset base. Enabler and infrastructure elements required for the company to operate are considered below:

- a) Provision of funding to the Company.
 - i) The Company will require some level of working capital. Subject to approval the Council will be the sole source of funding which will be repayable over a set period. The Council as lender must ensure that the terms on which any loan is made (and in particular the interest rate set) reflect market tested commercial terms and comply with EU State Aid rules.
 - ii) The Council will apply interest rates consistent with State Aid guidance. to enable a rate to be determined that is commercially attractive to the company whilst remaining compliant with the guidelines. The rate will be determined by considering the creditworthiness and collateralisation applicable to the loan
- b) Provision of non-financial support (e.g. back office services)
 - i) The Company will seek to secure services directly from the Council in relation to back office, where appropriate. A recharge model will not necessarily be appropriate as the 'market' cost could be higher or lower than the Council's cost of providing the support.
- c) Banking and accounting arrangements
 - i) The Company will require full banking services and will need to feed into group accounts each financial year.
- d) Specialist support
 - i) Use of the Council's PamWin software, which will be used to appraise investment and scheme viability, resource utilisation and financial requirements for schemes, and project management support may be utilised via SLAs or short term secondments where schemes require this.
- e) Office space and IT equipment
 - i) Should these services be required by the Company they will again be sourced through either HTS Group or the Council under Service Level Agreements which will need to be included in company overhead and recovered through the rental income generated by the assets.

- f) Acquisition of the Sites
 - i) Should the opportunity to enter into arrangements for the delivery of new developments occur market value transfers of sites would usually be done by either providing funding to the Company to acquire sites or agreeing for debt to be issued in the Company to the market value of those sites. The likely way forward would be for the Company to issue share capital to the value of sites. Analysis of this approach will be required to assess compliance with the Market Economy Operator Principle, including the type of shares to be used and consideration of whether a market seller would be willing to accept this form of consideration.
 - ii) A further alternative could be for the Company to secure through the Council (or other land owner) a licence to develop on the land during the construction phase with a valuation upon completion. A financial or paper transaction such as shares could then be instigated at development completion albeit at a higher cost to the Company than the valuation immediately prior to planning and construction processes having been carried out.
- g) Legal requirements and insurance
 - i) The Company will seek to secure these services from the Council through Service level Agreements to be built into scheme delivery costs. External legal advice would only be needed where conflicts of interests arise or where capacity issues may put property acquisitions at risk.
- h) Supply chain
 - i) Contracts will need to be made directly by the Company, either through service level agreements with clients, on a shared services model, as described above or as part of bespoke delivery contracts, tendered on a scheme by scheme basis.

7.2 Assets

7.2.1 The Company will hold no assets at point of trade but will seek to acquire assets at an early stage for the purposes of holding property for rent. Any other development undertaken on behalf of the Council will not proceed until financial viability has been demonstrated and having been awarded to HTS (H&R) Ltd under Teckal arrangements.

7.3 Land

7.3.1 When it is financially possible to undertake direct development of housing and other schemes on behalf of the Council then transfers of any land holding to the Company must follow due legal process.

7.3.2 General Fund land - any land transferred to the company held within the General Fund will be subject to compliance with section 123 Local Government Act 1972 (disposal of land for best consideration), including compliance with general consents for disposal at less than best consideration if the scheme in question can demonstrably achieve improvements in economic and social

wellbeing (as long as the difference between the unrestricted value of the land and the consideration for the disposal does not exceed £2million).

7.3.3 HRA land – under Part II of the 1985 Housing Act proposed disposals (which would include transfer to the company) requires Secretary of State approval or application of general consents under the Act. Therefore general consents may be applicable if disposals made are one of the first 5 made in a year, and for vacant sites i.e. those where the land being disposed of is not subject to a secure, introductory or demoted tenancy.

7.3.4 If required for scheme delivery land transfer to the Company will be considered in reference to the above and where appropriate will be transferred to the company by the Council. It may be required for HRA land to be appropriated as General Fund land or vice versa, to allow delivery of the required housing and commercial mix to maximise development opportunities. The Company recognises that any such transfers will be subject to the Council seeking Cabinet approval and due process being followed, before a market rate transfer to the Company.

7.3.5 For any future estate regeneration the Council will undertake schemes and fund them through HRA borrowing, however, whilst the Company could be engaged to undertake the redevelopment work ownership would remain within the HRA and the Council by virtue of Part II of the 1985 Housing Act.

7.4 Support services

7.4.1 Services including housing management, insurance, legal support (unless conflicted, the Company will use shareholder approved legal representation), procurement and IT, can be agreed with the Council under a Service Level Agreement.

7.5 Procurement

7.5.1 The Company's financial regulations and procurement strategy will align with those of Harlow Council. These include procurement aspirations to combat modern slavery, encourage apprenticeships where appropriate, not using zero hours contracts and encourage suppliers to pay a Living Wage. Under Teckal arrangements, along with the rest of the Group, as a contracting authority, HTS (Housing and Regeneration) Ltd will be able to access the same frameworks as a public body, including Crown Commercial Services. Access to the Crown Commercial Services Project Management and Forward Design team services (RM3741) framework in particular could secure necessary services to enable scheme delivery through the Company. The Company will demonstrate best value for all works for which it is considered for delivery, adopting a Business Case approach similar to that of HTS (Property and Environment) Ltd, whereby Value for Money criteria are demonstrated on a scheme by scheme basis prior to award, taking into account added value to local economy and corporate responsibility benefits.

7.6 Contracts

7.6.1 The JCT form of contract previously agreed and currently utilised by HTS (Property and Environment) Ltd will be utilised as a standard form of contract for engaging services with HTS (Property and Environment) Ltd, following a successful business case award for works. This should be considered as the

preferred form of contract when delivering via other parties unless deemed inappropriate for a given scheme – to be determined prior to the company commencing its tender process for a scheme.

7.7 Delivery networks

7.7.1 The Company will look to a variety of delivery options for individual housing and commercial schemes, always seeking to achieve best value in fulfilling the Council's corporate objectives. The Business Plan of HTS (Property and Environment) Ltd includes new housing provision and commercial developments, via successful business case awards which the Company will look to make use of.

8 Finances

8.1.1 The Company will manage its finances via the Board initially, with each scheme identifying its own financial requirements and the option to either buy in external accountancy services for production of financial reporting and accounts, or receive these from the Council under an SLA. Where viable schemes are identified by Harlow Council these will be considered under a business case process with the company before works are awarded.

8.1.2 In the initial trading period whilst the key objective of the business is to acquire, renovate and rent properties in the local market assumptions have been made regarding potential rental levels. Whilst rents will be directly aligned to property type social rents will be aligned to existing council rent levels, affordable rents will be aligned to LHA rates and up to 80% of market rents with some properties being let at full market rent to ensure the business model remains viable.

8.1.3 Other financial assumptions underpinning the initial trading position of the business include -

- Market price of properties in the local area and target prices for acquisition.
- Allowances for renovations/modernisations to be carried out to ensure properties are of a high quality prior to letting.
- Transaction costs to facilitate the purchases including associated legal fees, inspection/survey and landlords certificates.
- Ongoing ownership costs have been assumed to be aligned to the existing costs of the local authority stock.

8.2 Details of loan/investment requirements

8.2.1 Debt can be raised either on private money markets or via the Public Works Loans Board (PWLB) under the prudential borrowing regime. PWLB funds borrowed by Harlow Council can be lent on to the Company with an interest rate margin set at a rate to be compliant with State Aid rules (see section 7 above). Any loan facility will be subject to a written agreement, which will set the agreed interest rate and period, and will also detail: the mechanism for drawdown, making of advances, repayment, final repayment arrangements, recovery, voluntary prepayment and cancellation. Any transfer of land or other assets will be at market rate and subject to a similar agreement, setting out permitted parameters of use and ownership along with charges being held against the company assets to the value of the loans made.

8.3 Tax implications and liabilities

8.3.1 There are a number of tax considerations for the Company including Stamp Duty Land Tax (SDLT), VAT and Corporation Tax.

- a) While transfers of land and property from a local authority to a wholly owned LATC should be exempt for Stamp Duty Land Tax under group relief, claw back of the relief could apply up to three years after the transfer should the Company leave the group at a time it still holds the land or property.
- b) The Company will need to be registered for VAT and will not share special VAT status with the Council, so understanding of VAT status of goods and services, especially relating to land and buildings, will be key for keeping costs to a minimum.
- c) The Company will register for Corporation Tax at point of trading. However, whilst it is trading solely for the Council, the Company will be able to apply to HMRC for a dispensation on Corporation Tax. Should the Company make a loss then, depending on circumstances, the loss could be transferred to another group company in the same period, or carried forward to future periods.

9 Appendices

Appendix 1 – Risk register

Glossary of terms/abbreviations used

EU - European Union
EZ - Enterprise Zone
GF - General Fund of Harlow Council
HMRC - Her Majesty's Revenues and Customs
HRA - Housing Revenue Account of Harlow Council
JCT - Joint Contracts Tribunal
LATC - Local Authority Trading Company
LHA - Local Housing Allowance
PWLB - Public Works Loans Board
SHMA - Strategic Housing Market Assessment
SLA - Service Level Agreement
VAT - Value Added Tax

No	Risk	Background	Likelihood	Impact	Risk Owner	Inherent Risk Score			Controls already in place	Residual Risk Score			Foreseeable Risk Score			Additional actions to mitigate risk (4Ts)
						Likelihood	Impact	Score		Likelihood	Impact	Score	Likelihood	Impact	Score	
Political																
H&R POL1	If there is lack of "buy-in" from Councillors to HTS (H&R) Ltd then process may be delayed.	Differing political motivations from each political party could cause conflict in decision making if Councillors are not fully informed	No call in of initial decision June 2018	Difficult to establish clear direction.	B Keane	2	3	9	Regular updates to Councillors throughout the implementation phase to keep them fully informed.	1	3	6	2	3	9	Monitor implementation in line with Project Plan
H&R POL2	If there is a change in Cabinet then make up of Board and SH Sub Committee could change	Local Elections take place in May 2019 which may change the political membership of the HTS board and sub-committee	Councillor appointments to Board have not yet been made; 2 Members of SSC up for re-election in 2019 - since the outcome is unknown, contingency arrangements should take account of possible changes.	Councillors previously involved in the project may no longer be in Cabinet/eligible to be on board/shareholder sub committee. Different political make up of Cabinet could impact direction.	C O'Boyle	3	3	13	Decision regarding option of LATC commenced before local elections in May 2019, make up of Board and Shareholder subcommittee could change if affected Members not re-elected however role and activity of Board and Shareholder Subcommittee would not be affected, but some training of any new members would be required.	3	3	13	2	2	5	Early engagement with any new Councillors involved in HTS after local election
H&R POL3	If Members do not act appropriately when they are directors of HTS they may be open to disqualification	New role for individuals who may not know what their legal responsibilities are as directors of a Company	Lack of formal training prior to initial HTS board meetings could lead to inadvertent poor decision making	Individuals could be disqualified from future similar posts and prevented from involvement in their own businesses. Reputational	C O'Boyle	2	5	19	Director's duties training session to be provided to initial board members and handbook to be provided for Directors. Adoption of Governance documents (Business Plan, Articles of Association, Scheme of delegation) support and direct Director responsibilities and actions	1	3	6	1	3	6	
H&R POL4	If stated outcomes are not achieved through company then reputation of Council will be affected	Council has publically stated its intentions to build new Council housing	Risks realised to date do not suggest outcomes will not be achieved	Company is not only route for new houses to be built, though is the preferred route	B Keane	1	4	10	Project Board in place and project management and strategic oversight from officers and members also in place so that progress against outcomes is well understood and shared	1	3	6	1	3	6	
Economical																
H&R ECO 1	If HTS (H&R) Ltd is unable to compete in market long term to obtain best deals in the supply chain then Council will not receive benefits of lower prices	Lack of commercial leverage in supply market due to limited expenditure in market may be experienced as HTS (H&R) Ltd ability to achieve economies of scale may be limited by its size and teckel constraints	HTS (H&R) Ltd may not be able to initially secure favourable contracts whilst it is being established without strong negotiation/use of local government frameworks	Prices paid for goods and services may not be the most economically advantageous	S Freeman	5	4	23	Financial modelling includes a 5% higher price and ability for an LATC to use Crown Commercial Services frameworks exists. HTS can make use of other procurement frameworks to ensure best value	3	3	13	2	3	9	Ensure that the appropriate procurement capacity is available.
H&R ECO 2	If HTS (H&R) Ltd is insolvent (technically or otherwise) it is unable to operate and service provision will fail	Insolvent companies must cease trading to avoid any Director Liability	Council is sole client of HTS (H&R) Ltd and therefore guaranteed income from February 2017 means that financial solvency is assured	Service provision ceases. Directors have indemnity built into Articles and underwritten with D&O insurance insulating against personal liability in absence of wrongful trading	C O'Boyle	2	5	19	Use of facilities agreement allows working capital into HTS (H&R) Ltd in a manner that is state aid compliant	1	5	15	1	5	15	None
H&R ECO 3	If economic uncertainty is prolonged following EU referendum result then there could be a negative impact on operational costs	Government referendum on membership of EU returned a result in favour of leaving the Union, however mechanism around this is unknown and initial market reaction has been negative with currency markets and stock markets dropping	Situation changes daily and government and opposition leadership changes not due to settle until September at the earliest	Unknown, budget assumptions and cost of supplies/contractors may change significantly if certain costs rise or lending falls, or suppliers pull out of the UK/freeze operations or reduce operating bases	S Freeman	4	3	17	Monitor markets and lending and respond accordingly, currently no specific forecast affecting project, but likely to change regularly	4	3	17	4	3	17	None
Social/Cultural																
H&R CUL1	If there is failure to consider the impact of the change on all members of society and those impacted by the project then the Council will be criticised and face potential legal action	Failure to keep up to date and review the equalities impact assessment (EIA) may mean that requirements of Equalities Act are not met	Low likelihood, Harlow Council is familiar with duty through its own service provision and Board members will act with this in mind to update EIA.	Criticism from stakeholders and action taken which does not properly adhere to requirements of equalities Act	C O'Boyle	2	4	14	Equality impact assessment to be carried out in late 2018 and will be reviewed periodically	1	3	6	1	3	6	Continued EIA monitoring

	Risk	Background	Likelihood	Impact	Risk Owner	Inherent Risk Score			Controls already in place	Residual Risk Score			Foreseeable Risk Score			Additional actions to mitigate risk (4Ts)
						Likelihood	Impact	Score		Likelihood	Impact	Score	Likelihood	Impact	Score	
H&R LEG5	If other providers of similar services challenge the direct award of the contract to HTS the Council will have to deal with a formal or informal procurement challenge				C O'Boyle	3	5	22	Ensure that corporate documents demonstrate that HTS (H&R) Ltd meets all Teckal tests including business plan trading. If trading with third parties looks like it will be a prominent part of HTS (H&R) Ltd's work consider setting up trading arm. Publication of HDC's decision on website and publication of contract award notice will also help to mitigate against longer term risk of challenge.	1	3	6	1	3	6	None
H&R LEG6	If there is insufficient leadership to provide strategic direction to the early months of the HTS set up then key decisions cannot be made	Need for strategic direction, and decision making	High until strategy for resources is set	Delays in decision making, lack of strategy, costly decisions or changing decisions which increase costs	B Keane	4	5	24	Quick decision on key delivery mechanisms	3	4	18	2	4	14	Consider secondment of staff into company for mobilisation