

REPORT TO: SHAREHOLDER SUB COMMITTEE

DATE: 18 FEBRUARY 2021

TITLE: OPERATIONAL, FINANCE REPORT AND COVID-19 UPDATE

LEAD OFFICER: JOHN PHILLIPS, MANAGING DIRECTOR HTS (PROPERTY AND ENVIRONMENT) LTD

CONTRIBUTING OFFICERS: HTS SENIOR MANAGEMENT TEAM
BUSINESS PERFORMANCE TEAM

RECOMMENDED that:

- A** The Sub Committee notes HTS (Property & Environment) Ltd (HTS) performance and finance summary together with its Covid-19 status update. This report covers operational activity across all work streams for the period August to December 2020 as follows:
- i) Operational – The report illustrates HTS performance against KPI targets set including a summary of customer service update highlighting the impact of the Covid-19 crisis.
 - ii) Financial – Financial analysis provides a review of HTS position against forecast and the additional costs due to the Covid-19 crisis.
 - iii) Status Update - Following the first lockdown HTS delivered near normal services with government-imposed restrictions and revised working practices and made significant progress in working through the backlog. However, following the 2nd and 3rd lockdown that began in November and is still in progress, HTS had to once again reduce services to comply with Government guidelines and to protect its staff and the residents of Harlow. This has had an impact on HTS performance as illustrated later in this report.

BACKGROUND

1. The Government imposed its 2nd nationwide lockdown on 5 November 2020 lasting until 1 December 2020. However, with the continued increase in infection rates, Harlow was placed in Tier 4 restrictions to curb its spread. This led to reduction in some HTS “non-essential” services.
2. Eventually, due to increased public interactions the rate of infection started to spike across the country and as a result a further National Lockdown was imposed by the Government on 5 January 2021. This is still ongoing and is under review by the government, and no date for lifting of the current lockdown has yet been announced.

3. Harlow is still one of the worst-hit areas in the country ranking 54th out of 315 local authorities for Covid-19 infection as at 3 February 2021. Responding to the Covid-19 pandemic was HTS's number one priority. By taking these steps we have protected the health and wellbeing of our staff and residents.

ISSUES/PROPOSALS

Impact on Services

4. Due to the lessons learned from the first lockdown and the good working practices already in place, HTS were able to minimise the effect of second lockdown on 5 November 2021 as follows:
 - i) Service delivery across R&M and Environmental areas remained as normal with no changes in hours of work.
 - ii) The exception to this was within R&M, where extended/extensive works within tenanted properties were reviewed on an individual basis.
 - iii) Capital and Planned (extended/extensive) works within tenanted property were stopped and the focus was on the delivery of compliance and remedial works, external garages and roofing.
5. At the end of the 2nd lockdown on 1 December 2021, infection rates were still rising in Harlow. Following discussions with Harlow Council, alongside HTS having reviewed its working practices on social distancing, signage, PPE, start/finish times, the welfare and wellbeing of its employees and the tenants and residents of Harlow, HTS adjusted its service delivery until such time that the infection rate in Harlow reduced.
6. The key points of these changes from 14 December 2020 were:
 - i) Service delivery across housing repairs and maintenance (R&M) was reduced to deliver statutory compliance, emergencies and external works.
 - ii) Resources were redirected to Void (empty) property refurbishment and external works.
 - iii) Any exceptions to this within R&M, within tenanted properties, were reviewed on an individual basis.
 - iv) When operatives were required to work within tenanted properties, tenants were required to maintain the appropriate level of social distancing.
 - v) Any active Capital and Planned works within tenanted properties were completed and any planned works from 14 December 2020 were

delayed and rescheduled into 2021, with any exceptions to this being reviewed on an individual basis e.g. disabled adaptations.

- vi) Our environmental services e.g. litter picking, cleansing, parks and landscapes continued to provide their normal service levels.
7. The 3rd lockdown on 5 January 2021 then resulted in HTS reviewing its operations again. The following service changes were agreed to protect the welfare and wellbeing of employees, council tenants, residents and visitors to Harlow and help minimise contact and the transmission of the virus:
- i) Responsive Repairs - Only undertaking emergency and urgent repairs.
 - ii) Capital works - All capital works programmes suspended apart from emergency and health and safety works.
 - iii) Gas and electricity compliance - All gas and electrical inspections are aligned to their renewal dates. Priority was given to those that were due to expire only.
 - iv) Environmental Services - Services including litter picking, street cleaning, building cleaning and waste management continued to be provided and schedules for building cleaning were realigned to ensure the full programme of works were delivered. Essential Grounds maintenance services continued, such as hedge maintenance and trimming.
 - v) Voids Repairs Service - Voids works continued in line with Health and Safety guidance and associated risk assessments.
8. The actions agreed above, jointly by HTS and HDC, will continue until restrictions are eased by the government.
9. The backlog of outstanding non-emergency works had increased significantly during the 1st lockdown and HTS started to make substantial progress in reducing outstanding jobs when lockdown ended in June 2020. However, the subsequent lockdowns have increased the backlog of non-emergency repairs again although at a lesser rate than the initial lockdown.
10. HTS expanded its “Work from home” arrangements with introduction of further IT equipment as well as improvement in remote access capability in anticipation of stricter Government restrictions. This helped to reduce its impact during the subsequent lockdown.

Summary of Operational Performance – August to December 2020

11. Following the easing of restrictions at the end of the first lockdown in June 2020 HTS has been working hard to not only deliver the normal service but also catch up on the backlogs that had been created in the first lockdown. Based on the reduced performance statistics that were available, a number of Action

Improvement Plans were completed to assist in reducing backlogs and tracking our progress.

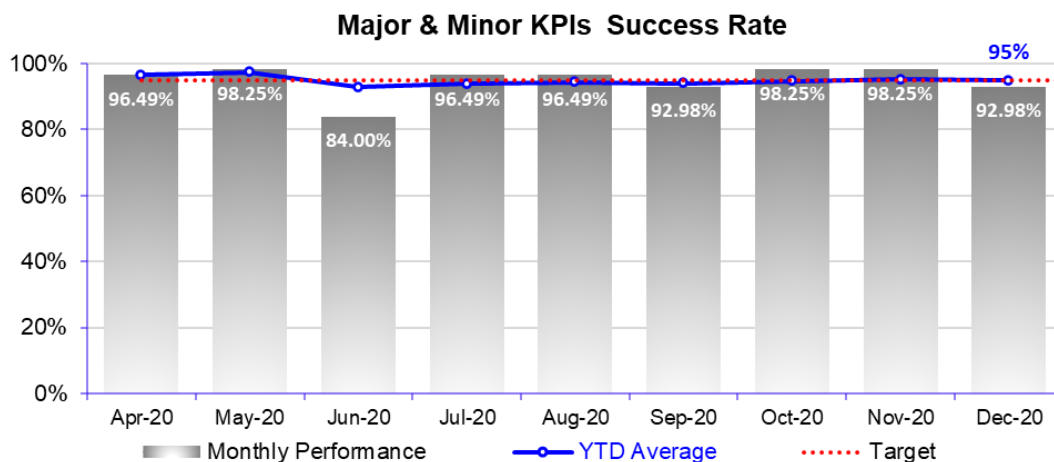
12. Good progress was made in the following areas:

- i) Reducing compliance backlogs in Gas Servicing and EICR testing
- ii) Reducing Repairs backlogs to Standard Repairs
- iii) Clearing the voids backlogs

13. This is clearly demonstrated in our monthly Performance Reporting to SOPM which has continued throughout the year.

14. HTS operations continued to cover all repairs until the national lockdown in November 2020 lifting its performance from 84 per cent in June to 93 per cent in December 2020.

15. HTS achieved an average of 95 per cent KPI compliance as at December 2020 against the full suite of Major and Minor KPIs that govern the contract for the year 2020/21.



Underperforming Major KPIs

16. Street Scene

- a) Amber: Routine cleaning of streets to grade A standard (Wave) Detritus - KBT (NI 195)
- b) Amber: The proportion of relevant public land and highways which unacceptable levels of weed are visible - KBT (NI 195)
- c) Reason: KBT survey highlighted an increase in street detritus and weeds.
- d) Corrective action: Operations were reduced to run less waves for

detritus and reduced service for weed reduction just before the KBT Survey was carried out due to lockdown in December. HTS has since increased waves immediately after lockdown in December to clear detritus and weeds.

17. Grounds Maintenance

- a) Red: Tree works – work carried out within 80 working days
- b) Reason: Performance dropped as operations were reduced to deal with attending to dangerous trees only following the National lockdown guidelines. This led to an increase in the backlog of non-urgent jobs.
- c) Corrective action: HTS has implemented an action plan in light of the drop-in performance so a structured approach is adopted to prevent further decline and bring performance back on track. The Arborists team initially increased activity as the restrictions were eased and working practices were revised to mitigate against the Covid-19 however, further restrictions reduced workflow again. In addition, HTS have assigned inspections to a sub-contractor to speed up completion of jobs.

Underperforming Minor KPI's

18. Street Scene

- a) Amber: Abandoned vehicles investigated and removed within 24 hours (BVPI 218a/b).
- b) Reason: Performance dropped to 83.63% due to staff sickness as a result of Covid-19.
- c) Corrective action: Team's operations were reduced due to Covid-19 restrictions leading to a drop in performance. This has now been reviewed and resolved with further mitigating plans to avoid this in future.

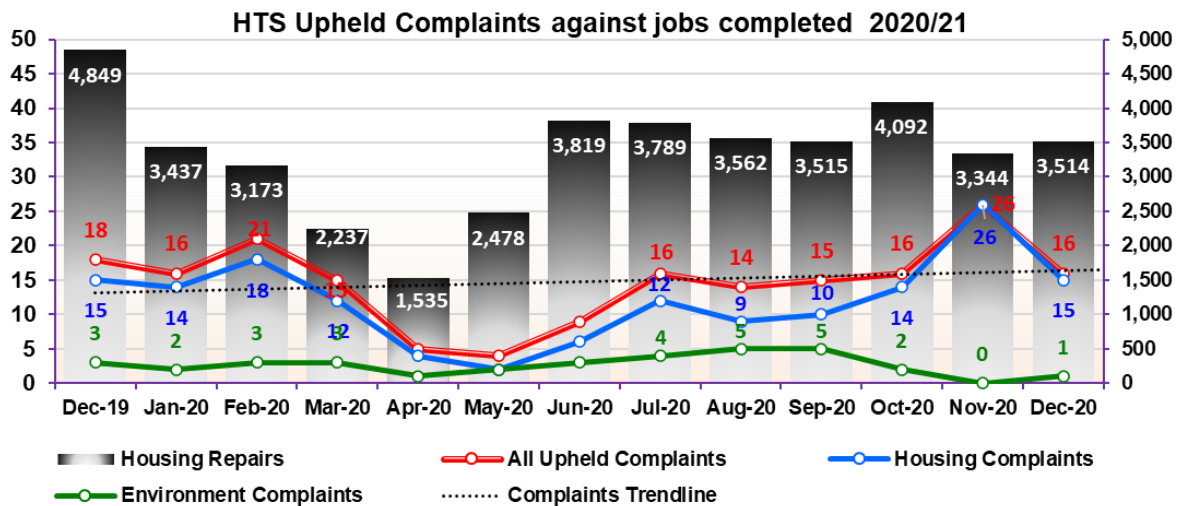
19. The volume of completed transactions within R&M over the reporting period is set out below:

R&M OPERATIONS	August '20	September '20	October '20	November '20	December '20
Response Repairs	3,562	3,515	4,092	3,344	3,514
Gas Servicing	1,257	1,015	645	914	573
Emergencies	418	369	430	373	395

Customer Service Report

20. The customer service report provides a summary of the complaints for both Environment and Housing, members' enquiries as well as an update on plaudits. It is important to note that Harlow Council's complaints officer carries out a monthly audit of all complaints with the customer services team and so far, no variations have been identified. The chart below shows all Upheld complaints since December 2019 and monitors the trend against the Housing repairs.

- a) HTS completed 3,514 repairs jobs in December with 16 resulting in valid complaints illustrating 0.45 per cent of jobs leading to valid complaint. This accounts for an average of 17 complaints per month during the period of August-December 2020.
- b) Complaints relating to environment accounted for six per cent of the overall complaints whilst the remaining 94 per cent were in housing. This trend has been constant over the last three years of HTS Operations.
- c) Whilst upheld complaints remain significantly low, despite the delays in delivering Standard Repairs, HTS analyses the causes of complaints to ensure continued learning. Complaint numbers have remained low at less than 1 per cent of jobs carried out. HTS anticipates the numbers to increase further in Quarter 4 as tenants' chase up non-urgent repairs which had been put on hold due to the reasons outside of HTS control.



Members' Enquiries

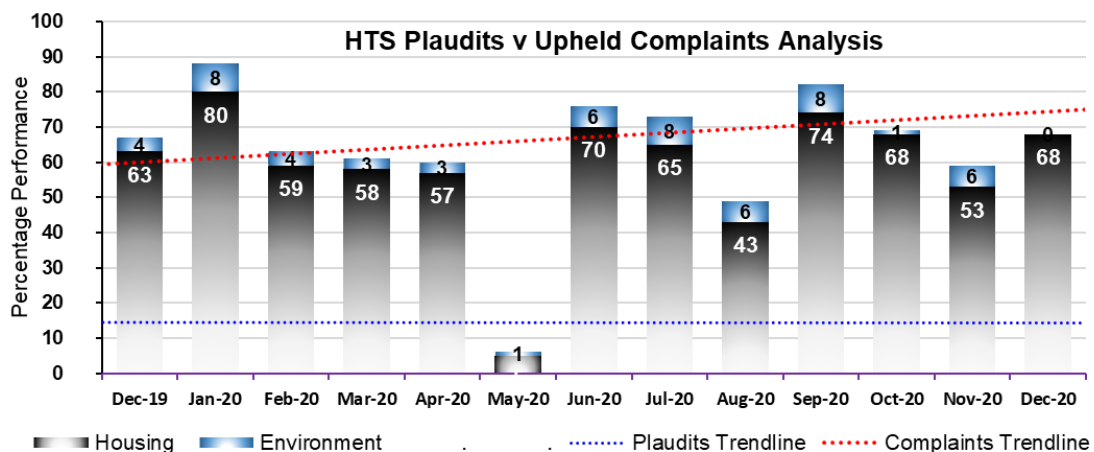
21. Councillors can also take up issues on behalf of residents and report them to Harlow Council. These enquiries are then passed on to HTS where necessary for a resolve. These are reviewed daily, and the Customer Service Team advise members of all completions by e-mail within a 10- working day period if passed to other departments and one working day for general enquires. There was an

increase in activity in November with 35 per cent of enquiries related to dumped rubbish. Please see below a monthly analysis of enquiries.

HTS OPERATIONS	Apr '20	May '20	Jun '20	Jul '20	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20
Members' Enquiries	4	18	22	30	21	9	13	23	12

Plaudits and Good News Stories

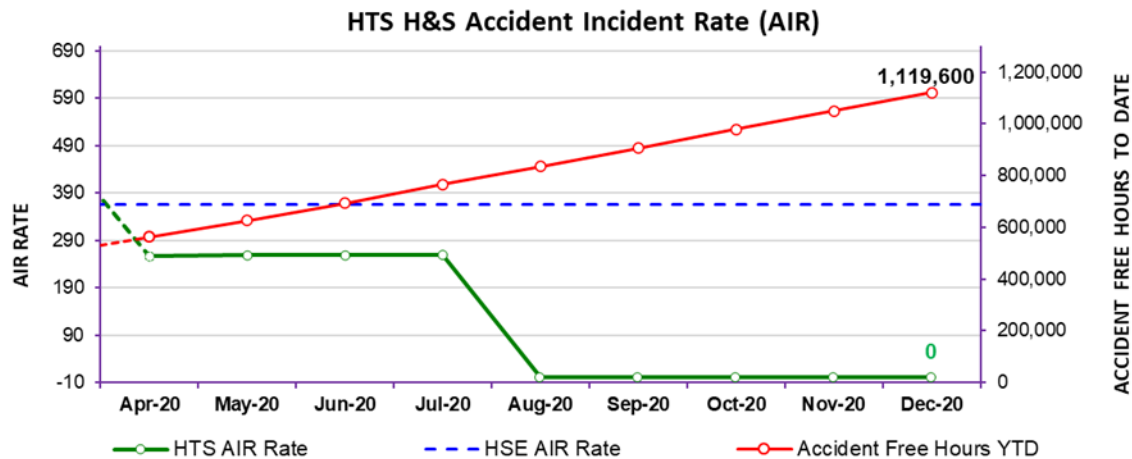
22. A plaudit is recognition of a team member or group who the customer feels has gone above and beyond what is usually expected of them. Plaudits are recorded by HTS HR and Communications Team and come through various mediums such as satisfaction surveys, letters or phone calls. Once a plaudit has been recorded by HR, the business support team writes to the staff member or team advising them that they have been recognised by customers thanking them for their good work. Please see below an analysis of plaudits against complaints.



23. December has resulted in 68 Plaudits across Housing and Environment. The drop in May was mainly due to technical issue with recording plaudits. In comparison to Complaints, average Plaudits have been on the increase since June 2018.

Health and Safety

24. HTS has maintained an excellent rating of 0 AIR with over a million hours of accident free operations.



Finance Update up to end of December 2020

25. Overall Summary - December 2020 Revenue of £1,909k was £437k below forecast, mainly due Capital Works programme, and produced Net Loss before Tax of £12k. The year to date total profit was £661k, representing 4% YTD profit margin.
26. It is expected that year end projections for turnover and profit will be further reduced in the final quarter due to the ongoing lockdown, with particular effect on the Capital Programme that is currently suspended and also additional Covid-19 related costs that are being incurred to keep services operational.
27. Grounds – Revenues of £263k were £2k below forecast and produced Gross Profit of £50k, being £31k above the forecast. Total YTD Revenue was £2,336k, with a YTD Profit of £150k.
28. Streets – Revenues of £280k were £1k above the forecast and produced a Gross Profit of £41k, being £18k above the forecast. Total YTD Revenue was £2,511k with a YTD profit of £362k.
29. Housing Property Services – Revenues of £728k were £35k below the forecast and produced a Gross Loss of £89k, due to ASC provision of £150k. The YTD Revenue was £6,836k with a total profit of £276K.
30. Depot – Revenues of £46k were as per the forecast and produced a Gross Loss of £8K being £1k above the forecast. Total YTD Revenue was £420k with a total loss of £76k.
31. Overheads – Revenues in the month of £207k were as per forecast. The actual overhead spends in the month of £241K which is £7k above the budget, with the YTD Revenue of £1,863k, with the actual YTD costs of £2,027k.
32. Harlow Capital Works – The December revenue of £371k were £401k below the forecast with a gross profit of £21k which is £25k below the budget. Total YTD revenue was £2,476k, with a total YTD profit of £151k.

33. Third Party Works – There were £14K revenues relating mainly to the sub lease of Mead Park and South Cambridgeshire facility management.
34. ASC Budget – The DEC 2020 results of 3,243 jobs were completed with an actual spend of £426k. YTD total jobs completed was 32,566 with an actual spend of £4,308k.
35. Non-Housing Budget – The Non-Housing results for DEC 2020 were 53 jobs completed and valued at £40k. YTD total number of jobs of 490 valued at £197k.
36. Harlow District Council Loan – The loan continues to be repaid at £19k per month and the balance outstanding as at DEC 2020 was £292k. Interest of £2k for December 2020 has been paid to Harlow District Council.
37. Capital Assets – As at December 2020, the Net Book Value of Fixed Assets was £1,469k as shown below:

	Cost Value	Acc. Depreciation	NBV
Goodwill	£448k	£336k	£112k
Plant & Machinery	£981k	£551k	£430k
Office Equipment	£19k	£10k	£9k
IT & Phones	£244k	£173k	£71k
Motor vehicles	£1,106k	£257k	£849k
Building Improvements	£55k	£27k	£28k
	£2,854k	£1,354k	£1,500k

Road to Recovery

38. Following the easing of restrictions at the end of the lockdowns, there has been a need to continually exercise safe working practices that have impacted on the work delivered by HTS including:
- i) Social distancing in the workplace and in residents properties.
 - ii) Hiring of additional vans to limit interaction between operatives
 - iii) Issuing of PPE
 - iv) Revising Risk Assessments to allow safe working
 - v) Lone working in voids
 - vi) Home working where possible

- vii) Avoiding unnecessary contact
 - viii) Lateral flow testing of front-line operatives
39. HTS has taken steps to respond to and begin the process of social and economic recovery of Harlow as the country continues to deal the Covid-19 pandemic.
40. The next scheduled review by the Government is scheduled for week commencing 22 February 2021 and HTS is currently in process of jointly planning the transition from Lockdown to the gradual introduction of more services.
41. A number of factors need to be considered in determining the safest and most productive approach to our recovery plans:
- i) The rate of infection must be under control and significantly lower than lockdown levels
 - ii) Assuming the government reinstates the Tier Levels, we need to understand what restrictions this may impose on working practices
 - iii) Reviewing the effectiveness of the vaccine programme generally and amongst HTS staff
 - iv) The continued requirement to avoid or limit contact, promoting lone working and home working
42. Taking the above into consideration, the fact the infection levels are reducing week on week in Harlow and the vaccine roll out is going well we anticipate service delivery can be increased when the government next eases restrictions.

Responsive Repairs

43. When restrictions are reviewed we will not only undertake Emergency and Urgent repairs, as we have been doing through lockdown, but we can start to accept and carry out Standard repairs that are of an external nature or limit exposure with residents and the public, such as roofing, fencing and communal areas.
44. Working in occupied premises will be reviewed on an ongoing basis when it is safe to do so, but any works of an emergency nature will still continue.
45. The call centre has been in full operation (working remotely) during this phase and new orders are still being raised although not being booked or carried out in accordance with their priority.

46. This will result in an increased WIP at the end of the lockdown period that will need to be managed and programmed when possible.
47. Gas and Electrical Compliance inspections and servicing will be aligned to their renewal dates. Priority will be given to those that are due to expire to ensure compliance levels are maintained.
48. HTS normally carries out gas servicing two months ahead of the expiry date and we will be looking to regain this buffer as soon as practically possible.

Capital Works

49. The government has always stated that Construction activities can continue as long as precautions are adhered to.
50. On this basis, and to align with government advice, we expect to be able to recommence External Capital works programmes when restrictions are initially lifted, but Internal Works in occupied properties will remain suspended.
51. Urgent internal works that only take one day to complete i.e. Boiler replacements will continue as they did before, and Health and Safety issues will of course be covered. See summary below:
 - i) The Internals Programme – will remain on hold apart from boiler replacements and health and safety issues
 - ii) Externals Programme – we anticipate starting the roofing programme
 - iii) Aids and Adaptations – Internal works suspended unless H& S related – External adaptations will recommence
 - iv) Garage Programme - Works to recommence
 - v) Compliance – All inspections now complete now moving into Communal testing that can continue safely
 - vi) Sumners Farm Close – Works can recommence when restrictions are eased
52. From when restrictions are eased a mobilisation period will be required before commencing these workstreams.

Environment

53. We anticipate being able to recommence all Grounds Maintenance activities when restrictions are lifted.

Summary

54. Reinstatement of any services will be based on a risk assessed approach and must encapsulate the government advice on social distancing and self-isolation in order to work as safely as possible.
55. These services are currently being reviewed by our SHEC team, but the key safety measures would need to be employed:
 - i) Avoidance where not essential
 - ii) Social distancing of at least 2 metres
 - iii) Frequent hand washing
 - iv) Use of PPE where appropriate
 - v) Travelling with one person per vehicle
 - vi) Regular lateral flow testing of front-line operatives
56. HTS is keeping track of any backlogs that have been created during lockdown and where service failures are identified through performance reporting, individual Action Improvement Plans will be developed to provide more information the extent of the delay and timescales to reduce them.

Relief Event Extension Request

57. As a consequence of the recent second and third lockdowns, despite HTS's best efforts to protect the workforce and the community, whilst continuing to deliver services, the ongoing lockdown necessitates the need for a further extension to the current Relief Event beyond 31 March 2021 already agreed with Harlow Council.
58. This request has been submitted to Harlow Council for consideration.

HTS Achievements

59. HTS introduce SARS-Cov-2 Rapid Antigen Testing

HTS continues to be proactive and at the forefront of protecting its employees, the tenants, leaseholders and wider community.

Along with our other measures such as being signed off as Covid-Secure in partnership with our trade union, WFH, PPE, Risk Assessments and shielding for both clinically extremely and moderately vulnerable employees, in January we introduced twice weekly rapid testing for our frontline workers who continue to carry out emergency, urgent and essentials works in the community.

The testing kits are part of an additional control in our risk assessments, but they do NOT change any of our other controls.

They have the ability to allow us to identify anyone who has coronavirus early and ask them self-isolate, thereby helping to reduce the spread and infections rates with Harlow.



60. HTS (H&R) Ltd first property let took place in December 2020!

HTS (H&R) Ltd was very excited to let their first property in December 2020.

Our first tenant RW was very pleased and excited to be moving in and also receive a Xmas hamper as the first tenant of hopefully many more over the coming period.

A further 4 properties have been purchased and are being refurbished to high standards in preparation for their let, where one third will be let at sociable rent, one third at affordable and the last third at commercial rent.



61. During the current coronavirus pandemic, HTS is eager to help the vulnerable residents. The Community Hub is being run by Harlow Council and Rainbow Services. HTS supports the Hub with providing vans, volunteer resources, and storage accommodation for food parcels etc.

62. HTS (Property and Environment Ltd), are very proud of their apprenticeships scheme. It is a great way of people to progress their careers as well as their education. One of our original HTS apprentices, Amy Edwards, continues to progress through professional qualifications having just been promoted to Trainee



Accountant position and currently completing her AAT level 4. Your Harlow came down to Mead Park Industrial Estate to speak to former accountancy apprentice Amy Edwards as well as Mark Hall Councillor Bob Davis, who is a non-executive director of HTS.

63. HTS continues to Play a leading role in procuring PPE equipment ensuring “fit for purpose”, establishing reliable markets/supply chain, interpreting Complex/changing government Health & Safety guidance into adapting business processes, arranging Covid Secure office arrangements

64. HTS is working well with local/national trade unions, in partnership, to provide support to employees through lock down, and get people back to work safely/processes, ensuring that Harlow Council maintained compliance activities across a range of activities including an effective emergency services throughout the pandemic.

Corporate Social Responsibility

65. CSR Excellence Award

HTS were very excited to have recently received an International CSR Excellence Award 2020 which is part of and operated by The Green Organisation, this reflects a core principle and vision of HTS as this is awarded for companies that are considered to have a heart!



CSR EXCELLENCE AWARDS 2020
POLLUTION & EMISSION REDUCTION
NATIONAL BRONZE WINNER
HTS (PROPERTY & ENVIRONMENT)

This was achieved through an HTS project that was considered to 'Inspire Passion for the Environment Within the Workforce'.

66. Coronavirus – HTS (Property & Environment) Ltd – Covid-19 Testing Centre

Harlow is still one of the worst-hit areas in the country ranking 54th out of 315 local authorities for Covid-19 infection as at 3 February 2021.

In view of the above and following discussions with Harlow Council, and as part of the collective efforts in Harlow to support the welfare and wellbeing of the tenants, residents Harlow and wider the community through the Covid-19 pandemic, the HTS Group are pleased to confirm that it agreed to accommodate in December, an extension to the current NHS Covid-19 testing centre service based at its Mead Park Depot from 4 days per week to 7 days per week. This has expanded NHS capacity to identify and isolate people infected with Covid-19 to tackle this pandemic.

67. HTS (Property and Environment) Ltd and Harlow Council together agreed to pick up everything on the St Clare Hospice IPU wish list that nurses were requesting for Christmas.

Councillor Simon Carter and HTS Non-Executive Director kindly agreed to deliver St Clare Hospice 'wish list' of goodies to the hospice



68. Royal Visit to Harlow!

Her Royal Highness, The Princess Royal visited the Citizens Advice Bureau to shine a light on the incredible work of the charity within the Harlow community.

Her Royal Highness who has been the Patron of Citizens Advice since 1990 was welcomed in the photograph here by HTS Managing Director, John Phillips and Robert Halfon MP.



Last year HTS carried out a number of repair improvements at the Citizens Advice Bureau, including re-carpeting the reception area, replacing missing ceiling tiles and redecorating the entire ex-bank.



Some of the more recent work that HTS carried out was converting 4 of their rooms into 2 offices so that the CAB staff are now able to conduct Covid safe face to face interviews, HTS also put the company in touch with a local cleaning company to get their offices deep cleaned so they could comply with Covid standards and keep the organisation open following government guidance.

69. HTS supporting Harlow Save Credit Union in the next step of their journey!

HTS has a voluntary non-executive director on the HSCU board and HTS supported the move of the office from the Town Centre library into new premises in the Harvey Centre through September into early October within a 5-week period, all in time for them to be able to launch their Christmas campaign.



Current Status of Services

Service	Direction of Travel	Commentary
Street Scene		Quarter 3 produced some good results with main area of concern around detritus and weed growth. The Waves were initially reduced to 1 due to the 2 nd lockdown, this was then increased to clear areas affected following KBT survey. Similarly weed and abandoned vehicles were also affected by restrictions imposed due the pandemic.
Grounds Maintenance		There is a Tree Improvement Action Plan in place that is being monitored regularly to clear a backlog of works. High levels of inspections are generating significant workload despite the time of year when we would normally expect a reduction.
Housing Property		There has been a significant progress made in housing repairs as reflected in KPI performance following the improvement action plan.
Non-Housing Property		Another area of improvement for HTS following the initial lockdown early in the year 2020.