

REPORT TO: SHAREHOLDER SUB COMMITTEE

DATE: 1 JULY 2021

TITLE: PERFORMANCE AND BALANCED SCORECARD

LEAD OFFICER: ANDREW MURRAY, HEAD OF HOUSING (01279) 446676

RECOMMENDED that:

- A** Shareholder Sub Committee (SSC) acknowledges both the year end (2020/21) outturn and current (2021/22) performance/financial position set out in paragraphs 3 to 16 as follows:
- i) HTS (Property & Environment) Ltd (HTS) has achieved a reported 95% per cent performance against its performance indicators for year end 2020/21 and 98.25% for May 2021/22 against the current suite of major and minor KPI's that govern the contract.
 - ii) An actual retained profit level totaling £1,323,995 as at March 2021 and are forecasting a level of £1,999,995 by the year ending March 2022.

BACKGROUND

1. HTS (Property & Environment) Ltd 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 Shareholder Sub Committee has been established to provide strategic governance and oversight over these commercial and operational activities of its company/s.

ISSUES/PROPOSALS

Operational performance – HTS (Property and Environment) Ltd

3. The approved targets within the HTS (Property and Environment) Ltd Business Plan/Balanced Scorecard outline Council themes and priorities for delivery. A summary of progress on performance for May 2021 is outlined in Appendix A.
4. HTS (Property and Environment) Ltd continues to demonstrate progress against Balanced Scorecard priorities. Progress indicates operational, financial, business growth and culture performance are at 100% per cent with objectives

projected to be 100% for the year 2021/22. Areas for further consideration include business growth where HTS (Property and Environment) Ltd have indicated risk for future delivery, and information management (GDPR). HTS (Property and Environment) Ltd need to continue to strive and deliver tangible social impact whilst realising efficiencies and demonstrating best value as part of their ongoing business planning/improvement activities.

5. 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 as background papers if required. Notable highlights reported include:
 - Attending to emergency repairs within 2 hours - Excellent performance maintained at 99.27%
 - Gas compliance (annual servicing completed) - Excellent performance maintained at 99.91% with 1 gas inspection delayed due to access issues
 - Average time (in hours) to remove fly tipping – Excellent performance at 1.45 hours per job to clear dumped rubbish.
6. Shareholder Sub Committee need to note that HTS (Property and Environment) Ltd have reported zero health and safety reportable incidents during this review period. However, it must also be noted HTS (Property and Environment) Ltd have reported the person hours without Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) totals 1,444,560 and achieving “0” Accident Incident Rate (AIR) at the end of May 2021.

Operational performance – HTS (Housing and Regeneration) Ltd

7. In addition, HTS (Housing and Regeneration) Ltd’s Business Plan was approved by Cabinet in March 2020. The updated business plan included options for the Company for further development in the initial twelve month trading, subject to finalizing all related administrative and legal matters, on the basis that it will look to acquire properties on the open housing market in Harlow. It can be reported, five properties were purchased by HTS (Housing and Regeneration) Ltd and are now let ensuring that they were of high standard, fully compliant with regulations prior to be let on the rental market. The long-term aim of the Company in the rental area is to be an exemplar landlord operating to high standards offering high quality homes for those in Housing need in Harlow.
8. The initial void repairs for the five properties and the ongoing property maintenance will be undertaken by HTS (Property and Environment) Ltd. As part of the pilot project, for the five housing and regeneration project it was agreed that Harlow Council would allocate the social and affordable properties through the Housing Needs Register. The market rented properties would be allocated through Right Moves Ltd a company that specialises in these activities. HTS (Housing and Regeneration) Ltd are directly responsible for

income recovery and collection of rent for all five properties. All five properties are now allocated.

9. An additional business case has been awarded to HTS (Housing and Regeneration) Ltd to deliver FM Services at Nexus on the Science Park in December 2020.
10. The council continues to review its existing pipeline of development sites and whilst the initial schemes are largely planned to be delivered through the HRA and Housing Capital future developments will continue to be considered as options for the Company to undertake and hold as assets on completion.

Financial Performance

11. The controllable budgets assigned to HTS (Property and Environment) Ltd are managed within an existing Annual Service Charge (ASC) payment, uplifted annually for inflation. The actual ASC to March 2021 was £18,370k and the forecasted ASC to 2022 is £18,737k, both of which includes an agreed £250k reduction to HRA. SSC will note for year end 2021 that £695k was returned to the Council as a rebate. In addition, the ASC has been reduced for 2021/22. A summary for year-end 2018/19, March 2019/20 and March 2020/21 is shown in the table below:

	March 2018/19	March 2019/20	March 2020/21
Retained Profit	£413,298	£507,096	(£8,699)
Reserves	£825,598	£1,332,694	£1,323,995
Cash (as per CF statement submitted)	£1,867,788	£2,763,100	£3,777,844
Harlow Council Loan outstanding	£701,826	£467,884	£888,423*

*Note: *A new loan of £670,000 was set up to purchase new vehicles and equipment in the year.*

12. Current progress and financial forward forecasting for HTS (Property and Environment) Ltd is outlined in the updated Shareholder statement which is shown in Appendix B. The audited Management Accounts for the year end 2020/21 are reported later in the Agenda as a referral from the HTS Board.
13. 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. The value of the work packages for 2020/21 totaled £8,000,000. The reported outturn at year end March 2020/21 totaled £3,773,000 with a carryover for approval of £4,227,000.
14. It is reported that HTS (Housing and Regeneration) Ltd made a loss in trading for the year 2021. This is outlined in the HTS (Housing and Regeneration) Ltd statutory outturn report later in the agenda. The loss was incurred due to startup costs of the Company to purchase the initial 5 properties. The loss reflects the write off of the costs to purchase the properties and revaluation adjustments as at 31 March 2021. The lack of scale of the initial pilot needs to

be addressed in the refreshed Business Plan to develop Housing and Regeneration as a viable proposition going forward and proposals will be presented to the Shareholders later this year.

Supplementary Performance

15. HTS continue to play a leading role in the development of The National Federation of Local Authority Trading Companies (LATCo Network). The membership continues to grow with over 20 regular delegates attending monthly meetings including representatives from Oxford, Bristol, Reading, Lancashire, Suffolk and Norwich. Cross company cooperation in developing practices and solutions are regularly discussed.

IMPLICATIONS

Place (Includes Sustainability)

None specific.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (Includes ICT)

As set out in the report.

Author: Simon Freeman, Head of Finance and Property and Deputy to the Managing Director

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)

As contained in the report.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Balanced Scorecard

Appendix B – Shareholders Statement

Background Papers

None.

Glossary of terms/abbreviations used

AIR – Accident Incident Rate

ASC – Annual Service Charge

HTS – HTS (Property & Environment) Ltd

KPI – Key Performance Indicator

LATC – Local Authority Trading Company

RIDDOR - Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

SSC – Shareholder Sub Committee