

**REPORT TO:** SHAREHOLDER SUB COMMITTEE

**DATE:** 28 SEPTEMBER 2021

**TITLE:** OPERATING AND FINANCE REPORT

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

**CONTRIBUTING OFFICERS:** HTS SENIOR MANAGEMENT TEAM BUSINESS PERFORMANCE TEAM

**RECOMMENDED that:**

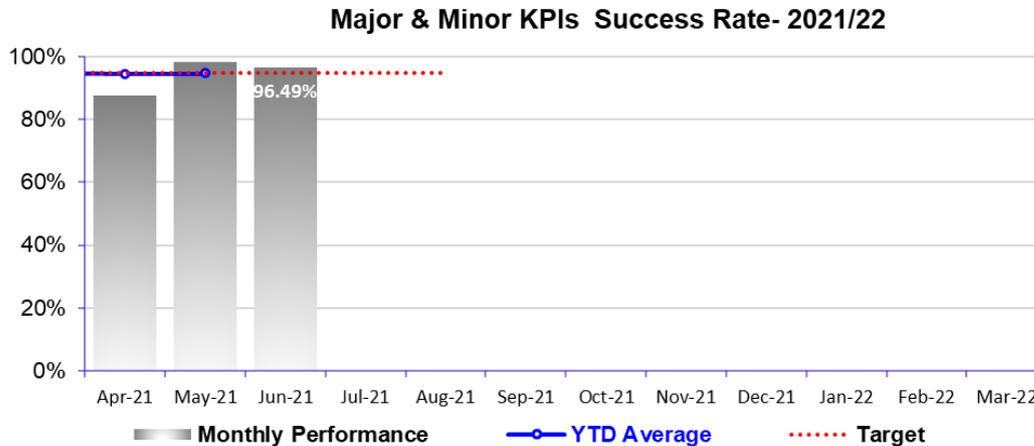
- A** The Sub Committee notes HTS (Property & Environment) Ltd (HTS) performance and finance summary covering operational activity across all work streams for the period April to June 2021 as follows:
- i) Operational – The report illustrates HTS performance against KPIs targets set including a summary of customer service update highlighting the impact of Covid-19 crisis.
  - ii) Financial – Financial analysis provides a review of HTS position against forecast as outlined in the Shareholder Statement shown in Appendix A.

**BACKGROUND**

**Summary of Operational Performance – June 2021**

1. Following the easing of restrictions, 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.
2. Good progress was made in the following areas:
  - a) Reducing Repairs backlogs to Standard Repairs
  - b) Reducing compliance backlogs in Gas Servicing and EICR testing
  - c) Clearing the voids backlogs
3. This is clearly demonstrated in our monthly Performance Reporting to SOPM which has continued throughout the year.

4. HTS operations continued to cover all repairs lifting its performance from 86% in March '21 to 96% in June '21.
5. HTS achieved an average of 94% KPI compliance as of June '21 against the full suite of Major and Minor KPIs that govern the contract for the year 2021/22.



## ISSUES/PROPOSALS

### Underperforming Major KPIs

6. Street Scene
  - a) Red: Routine Cleaning of Streets – Detritus
  - b) Reason: KBT report highlights majority of the detritus failures were around main roads, rural roads and other roads. This was further affected by areas with parking problems, causing cars to be parked on landscaped areas leading to mud/detritus across footpaths. In addition, Covid restrictions also meant some staff isolating resulting in reduced activities across street cleansing as well as landscape maintenance. This led to rising weed trapping detritus.
  - c) Corrective action: The cleansing Wave is now fully operational and improvements should be seen over the next two quarters.
  - d) Amber: The proportion of relevant public land and highways with unacceptable levels of weed are visible.
  - e) Reason: Performance dropped due to delivery of a less efficient service following some staff isolating and revised working conditions which affected the overall performance. Warm weather and persistent rain throughout the year has aided the continued growth of weeds.
  - f) Corrective action: Weed sprays have recommenced and therefore the impact will be reduced gradually. We expect the new programme in 2022 to improve the level of weeds around the town. There is a 3-year

cycle for weed spraying and therefore a minor impact will be ongoing until 2023. Please see HTS Emerging from Covid plan for more detail.

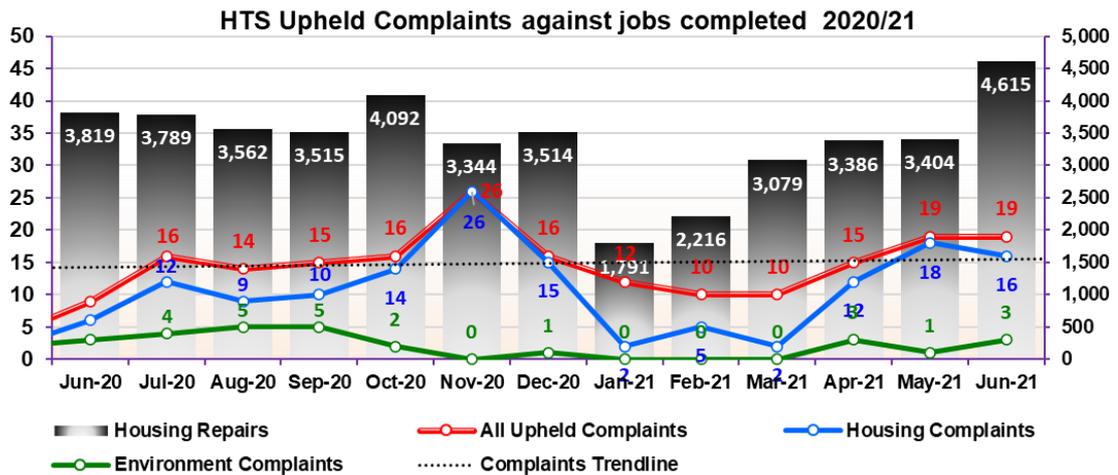
7. The volume of completed transactions within R&M over the reporting period is set out below:

<b>R&amp;M OPERATIONS</b>	<b>April '21</b>	<b>May '21</b>	<b>June '21</b>
<b>Response Repairs</b>	3,386	3,404	4,615
<b>Gas Servicing</b>	984	1,122	2,002
<b>Emergencies</b>	425	409	433

### **Customer Service Report**

8. 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 June '20 and monitors the trend against the Housing repairs.

- a) HTS completed 4,615 repairs jobs in June '21 with 19 resulting in valid complaints illustrating 0.41% of jobs leading to valid complaint. This accounts for an average of 17 complaints per month during the period of April-June '21 (Q1). During the same period in 2019 the average was 6 upheld complaints per month and an average of 9 per month during the same period in 2020.
- b) Complaints relating to environment accounted for 15% of the overall complaints whilst the remaining 85% were in housing. This trend has been constant over the last 3 years of HTS operations.
- c) Whilst the number of overall complaints has increased over the last quarter by 29%, the upheld complaints remain significantly low. HTS analyses the causes of complaints to ensure continued learning. The upheld complaint numbers have remained low at less than 1% of jobs carried out. HTS has seen an increase in overall complaints as tenants are chasing non-urgent jobs which had been put on hold during the lockdown period. This trend is set to continue throughout the next quarter as HTS works through a service recovery plan to reduce the backlog of work requests.
- d) Please see below a chart illustrating complaints trend during the last 13 months.



### Members' Enquiries

9. Councilors can also take up issues on behalf of residents and report to Harlow Council. These issues/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.

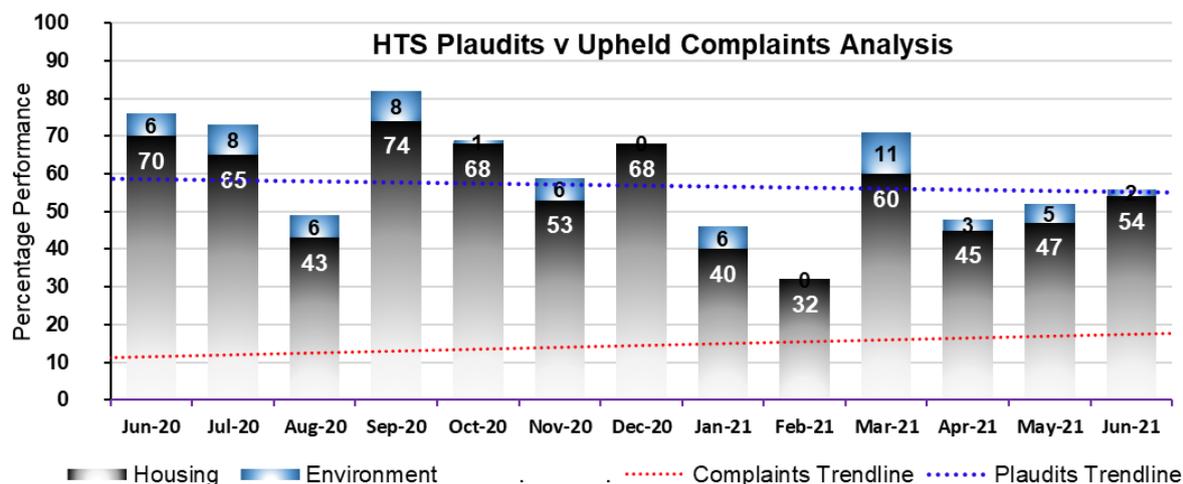
- a) There has been a significant increase in Councilor enquiries over the last quarter. The highest number of requests came in June 2021. Please see table below.
- b) The biggest increase in enquiries continues to relate to Dumped Rubbish with 44% of all calls followed by 25% for Grounds Maintenance (grass, trees, hedges etc.).

HTS OPERATIONS	April '21	May '21	June '21
<b>Members' Enquiries</b>	32	35	48

### Plaudits and Good News Stories

10. 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.

- a) Please see below an analysis of plaudits against complaints.



b) June 2021 has resulted in 54 Plaudits across Housing and Environment. Whilst the number of plaudits is higher than complaints, there is a recurring theme of reduction in plaudits as complaints increase in numbers as reflected in the trendline above.

### Planned Works and Delivery of Capital Programme

11. The Council and HTS (Property & Environment) Ltd (HTS) agreed an initial draft three year programme within the Council's investment plans at the commencement of the contract, with the programme being reviewed on an annual basis.
12. Key for both HTS and the Council is to continue to ensure increased confidence is demonstrated with the new Housing Capital Business Case processes. This will need to involve effective liaison, robust forward forecasting on programme of delivery that can demonstrate of value for money. Ensuring programmes are delivered on time, within budget, and to high satisfaction to customers.
13. All Business Case submissions have been subjected to the requirement of the new Schedule 2 Services Agreement (Planned and Capital works methodology) which requires internal and external evaluation, enabling the Council/HTS to demonstrate value for money against a set of defined criteria required.

### Business Case Awards 2020/21 and 2021/22

14. Continued joint liaison has ensured Business Cases process are robust on-going meetings with HTS Senior Management Team and Council representatives continue in order to discuss issues and risks associated with delivery of the Business Case Awards. All works are subject to on-going review at the monthly Progress Meetings with issues being addressed and escalated if necessary, to the Shared Operations Meeting and reporting to SMB.

## **Internal Works**

15. Works consist of all elements covered within the Decent Homes categories covering Kitchens, Bathrooms, Rewires and Central Heating works. The programme is aligned to the Council's priority with Decent Homes failures for 20/21 being prioritised in this year's programme.
16. 2021/22 asset list has been issued to HTS and pre-start surveys and designs are on-going.
17. The 20/21 Programme is now back to a normal productivity levels, with completions and handover requests increasing weekly.

## **Aids and Adaptations**

18. Works consist of various Aids and Adaptations to Council properties. Projects for the 2021/22 portion of the programme are now being released, as the condition for programming the 2020/21 addresses has now been achieved. HTS are seeking more projects due to an increasing availability of their supply-chain workforce. Programme is demand led and projects will continue to be released as authorised.

## **Compliance**

19. Works consist of electrical testing and remedial works where required.
  - a) The entire asset list for 20/21 is now complete and the 21/22 programme of testing and associated works has commenced.
  - b) HTS have now moved to testing the laterals for the tower blocks.
  - c) Due to the spend being lower than expected additional works to defined projects to non-leasehold blocks are being scoped, the lighting at Sumner Farm Close and electrical upgrades at Netteswellbury Farm, with the inclusion of external charging points for mobility scooters has been re-prioritised.

## **Externals**

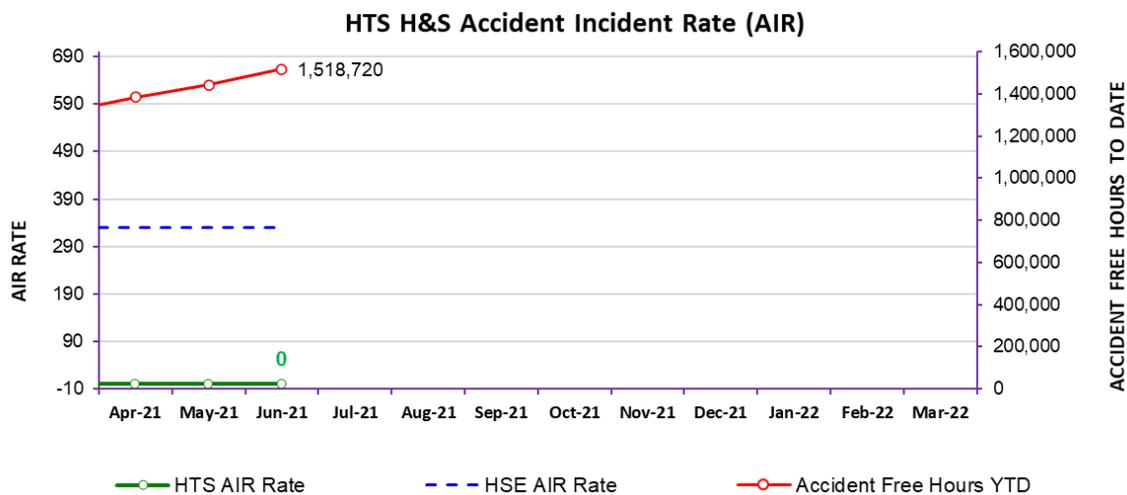
20. Works consist of a series of re-roofing projects across the town.
  - a) Supply chain appointment and mobilisation for flat roofing is being delayed due to supply chain not having ability to deliver the programme dues to resources and price increases.
  - b) Pitch roofing is proceeding to plan.
  - c) A list of properties has been provided. Additional and adjacent tenanted properties will be included to maximise value and for added asset management benefits.

## Garages

21. Works consist of refurbishment and demolition of various sites across the town. The programme of works is now progressing well with works concluded in East Park and making good progress in The Hides. Planning notices for the 21/22 programme are being prepared by Harlow Council.

## Health and Safety

22. HTS has maintained an excellent rating of 0 AIR with over 1.5 million hours of accident-free operations.



## Finance Update

23. Overall Summary - June 2021 Revenue of £2,582k was £86k below forecast, and produced Net Profit before Tax of £55k. The YTD total revenue was £6,509k, with YTD Profit of £88k, representing 1.8% net profit margin. December 2020 results include additional COVID related provision of £150k, posted within ASC housing income (£50k) and ASC costs of sales (£100).
24. Grounds – Revenues of £264k were as per forecast and produced Gross Profit of £16k, being £5k above the forecast. Total YTD Revenue was £800k, with a YTD Profit of £71k.
25. Streets – Revenues of £284k were £1k below forecast and produced a Gross Profit of £35k, being as per the forecast. Total YTD Revenue was £854k, with a YTD Profit of £110k.
26. Housing Property Services – Revenues of £869k were £112k above forecast and produced a Gross loss of £40k, being £59k below forecast due to additional spend on subcontractors. Total YTD Revenue was £2,436k, with a YTD loss of £126k.
27. Depot – Revenues of £61k were £47k above forecast due to a refund from Alphabet for the servicing of the leased vehicles. Depot produced a Gross profit

of £11k which was £19k above the forecast. Total YTD Revenue was £155k, with a YTD Profit of £3k.

28. Overheads – Revenues in the month of £211k were as per forecast. The actual overhead spends in the month of £215K which is £22k below the budget. Total YTD Revenue was £633k, with a YTD Profit of £8k.
29. Harlow Capital Works – The June revenue of £879k were £214k below the forecast with a gross profit of £31k which is £17k below the budget. Total YTD Revenue was £1,597k, with a YTD Profit of £24k.
30. Third Party Works – There were £12K revenues relating mainly to the sub lease of Mead Park and South Cambridgeshire facility management. Total YTD Revenue was £34k, with a YTD Profit of £26k.
31. ASC Budget – The JUN 2021 results of 5,276 jobs were completed with an actual spend of £770k. YTD total jobs completed was 13,173 with an actual spend of £1799k.
32. Non-Housing Budget – The Non-Housing results for JUN 2021 were 64 jobs completed and valued at £25k. YTD total number of jobs of 228 valued at £61k.
33. Harlow District Council Loan – The loan continues to be repaid at £30k per month and the balance outstanding as at June 2021 was £798k. Interest of £2k for June 2021 has been paid to Harlow District Council.
34. Capital Assets – As at JUN 2021, the Net Book Value of Fixed Assets was £1,469k as shown below

	<b>Cost Value</b>	<b>Acc. Depreciation</b>	<b>NBV</b>
<b>Goodwill</b>	£448k	£381k	£67k
<b>Plant &amp; Machinery</b>	£981k	£647k	£334k
<b>Office Equipment</b>	£19k	£12k	£7k
<b>IT &amp; Phones</b>	£249k	£198k	£51k
<b>Motor vehicles</b>	£1,221k	£377k	£843k
<b>Building Improvements</b>	£71k	£34k	£37k
	<b>£2,988k</b>	<b>£1,649k</b>	<b>£1,339k</b>

Note: In line with IFRS16 on leases, HTS balance sheet includes the right of use assets representing qualifying leases to a value of £451k and the corresponding right of use liability to a value of £462k.

There were no disposals of motor vehicles in the month of JUNE 2021.

### **HTS Achievements**

35. HTS achieve 1million RIDDOR Accident Free man hours (again!)



The SHEC Team are incredibly proud to announce that HTS has again achieved over 1-million- hours without a RIDDOR Reportable Accident! This means we haven't had a serious incident (which would be reportable to the HSE under the RIDDOR regulations) since April 2019!

To reach such an impressive milestone takes a lot of dedication, hard work and time, not only from the SHEC Team in managing and maintaining that good standards are upheld throughout the business, but also by everyone within HTS by abiding by the rules and procedures and working safely, for both themselves and those around them.

This is a massive achievement and a testament to how hard everyone works, so thanks must be passed down to everyone in the business for making HTS a safer working environment.

### 36. HTS and Jewson's set to support Harlow Playhouse pantomime



**HTS and Jewsons have once again pledged to support support Harlow Playhouse pantomime.**

They will be supplying them with their stage set materials for the Christmas pantomime.

Rory Davies, Artistic and Executive Director, Harlow Playhouse said "We are really grateful for the continued support of HTS and Jewson's.

Together HTS and Jewsons partnership have supported the Playhouse in numerous ways over the years including sponsoring their annual pantomime, providing stage set materials free of charge and often running stage set equipment too and from events for them.

### 37. New reception desk for Harlowsave

I hope all is well with you.

Just wanted to let you know that (operatives names provided) fitted the new reception desk in the Harlowsave office last Friday and did a brilliant job. They are great guys to deal with and did such a clean and professional job.

The desk looks amazing and certainly exceeds expectations! The team are absolutely thrilled.

Once again, I want to thank HTS staff and management for all their kind and generous support for Harlowsave, which is so very much appreciated by us all. Many thanks

(Name provided)



## **IMPLICATIONS**

### **Environment and Planning (Includes Sustainability)**

As set out in the report.

**Author: Andrew Bramidge, Head of Environment and Planning**

### **Finance (Includes ICT, and Property and Facilities)**

As set out in the report.

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

**Housing**

As contained in the report.

**Author: Andrew Murray, Head of Housing**

**Community Wellbeing**

None specific.

**Author: Jane Greer, Head of Community Wellbeing**

**Governance (Includes HR)**

As set out in the body of the report.

**Author: Simon Hill, Head of Governance**

**Appendices**

Appendix A – HTS Management Accounts

**Background Papers**

None.

**Glossary of terms/abbreviations used**

HTS – HTS (Property and Environment) Ltd

YTD – Year to Date