

HTS Improvement Plan



Report to: Shareholder Sub Committee

Date: 23 August 2023

Portfolio Holder: Councillor Dan Swords, Leader of the Council

Lead Officer: Andrew Bramidge, Chief Executive (01279) 446000

Corporate Priorities: Fix council housing
Restore pride in Harlow
Improve council services

Recommended that:

- A** The focus of activity for HTS during 2023/24 is limited to the delivery of the council's stated priorities, the delivery of further efficiencies within the business to achieve a balanced budget for 2023/24, the implementation of the action plans set out in Appendix A and Appendix B as well as the identified governance reforms set out in Paragraph 10 of this report.
- B** A new basis for a contractual arrangement between HTS and Harlow Council that is focussed on performance and costs is to be agreed by December 2023 for commencement in the new financial year 2024/5.
- C** The previously agreed 2022-27 HTS Business Plan is replaced with immediate effect with the improvement action plans in Appendix A and Appendix B and a new Business Plan for HTS for 2024/25 is to be agreed by February 2024 by the relevant governance bodies.
- D** The Sub Committee notes the findings and recommendations of the various reviews attached and further notes the progress that has been made to improve service delivery as a result of these reviews.

Reason for decision

- A** To focus business activities on delivery of the council's stated priorities and to improve the operational performance and governance arrangements between HTS and Harlow Council.

Other Options

- A The Shareholder Sub Committee could continue to endorse the proposals set out in the 2022-27 HTS Business Plan to expand the HTS group and seek commercial opportunities as opposed to focussing on improvement of core services. This is not advised given the findings and recommendations of the various reviews carried out in 2022.

Background

1. In 2022, Harlow Council and HTS commissioned a number of reviews of the performance and governance of the company and of Harlow Council's role as both client and shareholder. These were designed to identify issues, offer recommendations as to how to increase performance and create an appropriate governance structure that would support this. These reports included two from Plan B on Housing Repairs and Landscape Maintenance respectively, from Pennington Choices on Value for Money and from Rujaja on Business Plan and Governance review.
2. The reports highlighted a number of challenges and areas of poor performance as well as offering a significant number of recommendations on how to improve the delivery of core services. The reviews advised that, given the substantial issues in performance and governance of the company, HTS should not be expanded in line with the 2022-27 HTS Business Plan and that instead, all focus should be on improving core services.
3. Action plans were drawn up incorporating the various recommendations of the reports which have been the focus of senior management of both HTS and Harlow Council. The up-to-date action plans detailing this work are set out in the appendices to this report.
4. In April 2023, the Shareholder Sub Committee approved that the construction company referenced in the 2022-27 Business Plan was not to be established and that the HTS Housing and Regeneration company be not expanded and that options were sought on the best way forward in terms of the five properties currently within the company. It has subsequently been decided that the Housing and Regeneration company will be closed in line with the recommendation of the other report to the August Shareholder Sub Committee meeting. The most tax efficient way of dealing with those five properties is currently being explored with tax advisers and therefore, a decision as to whether the properties are transferred to the Harlow Council Housing Revenue Account or as to whether the properties are disposed of will be taken at the next meeting of the Shareholder Sub Committee.
5. In May 2023, the existing Managing Director left the company and a new Interim Managing Director, Alan Townshend, commenced employment. This has provided impetus for the delivery of many of the changes recommended in the reports.
6. In June 2023, Harlow Council announced five corporate priorities for the year ahead including 'fixing council housing', 'restoring pride in Harlow', and 'improving council

services'. Behind each headline priority, sits detailed action which form the overall priority. A number of these have related to HTS and Harlow Council's delivery of core services. These priorities have also provided clear focus for HTS and its service delivery.

Issues/Proposals

7. Considerable progress has been made to implement action plans mentioned above. There has been significant positive progress in transforming the day to day working relationships between the Council and HTS. This is seen in the re-institution of regular senior management meetings, which have been lacking in recent years, as well as the positive day to day working between the two teams on the action plans mentioned above. Additionally, both organisations are addressing some of the longer-term cultural barriers that have existed, probably since the formation of the company. A half day workshop was held in July specifically to address this and identify common objectives and ways of working. This was found to be very successful, and a follow-up session is planned for early October at Mead Park.
8. These meetings have agreed that the sole focus of attention for HTS in 2023/24 is the delivery of the Council's stated priorities and the efficient delivery of the Housing Repairs and Landscape Maintenance contracts. It is recommended that the committee formally agree to that work and that the previously agreed 2022-7 HTS Business Plan be formally replaced by the improvement action plans for 2023/4 and a new HTS Business Plan for 2024/5 be brought forward by February 2024.
9. Operational performance of the company has, as a direct result of the changes and interventions listed above, already begun to improve. In June, there was a reduction in the backlog in housing repairs for the first time in over 18 months and the standard of the landscape maintenance has also improved.
10. By the end of this financial year, it is expected that there will have been significant transformation of the operations of HTS and of the relationship between the company and the Council:
 - a) The housing repairs backlog will have been cleared and this area of work will be delivering a rolling monthly programme of new jobs with a new schedule of works (in line with standard industry practice) in place and reflected in the contract.
 - b) The new standards and processes of landscape maintenance will be fully operational across the town and reflected in the contract.
 - c) New performance management processes will be integrated with those of the Council.

- d) A new, performance and cost-based approach to the delivery of the Council's contract with HTS with much clearer expectations of performance and service standards.
 - e) A new, clearly defined 2024/25 Business Plan for HTS will be in place.
 - f) A new permanent Managing Director will have been appointed.
 - g) A balanced budget for this financial year will have been achieved for the company.
 - h) A workforce review will have concluded with further transformation of the workforce and internal practices integrated throughout the company.
 - i) HTS internal systems and IT will be integrated with Council internal systems and IT for more efficient service delivery.
 - j) All recommendations in the action plans will have been achieved.
 - k) The HTS Group will no longer exist and instead all focus will be given to HTS Property and Environment Ltd as the sole company.
 - l) Changes to the governance of the company and service delivery will have been made.
11. The proposals relating to governance have been the subject of other reports to the August Shareholder Sub Committee meeting. However, in summary, they will deliver a re-structured company with a single HTS Property and Environment Ltd (with all other companies currently in the HTS Group being wound up) in contract to Harlow Council and a re-structured Board that provides a wider range of professional expertise into the company. If these proposals are agreed by the Shareholder Sub Committee, the Council's legal advisers, Browne Jacobson, will be instructed to draw up the amended Articles of Association for agreement by both the HTS Board and the Shareholder Sub Committee.

Implications

Equalities and Diversity

None

Climate Change

None

Finance

There are no direct financial implications arising from this report. Financial implications will continue to be monitored alongside the agreed actions established; and with the formulation of

a new Business plan for HTS and new contractual arrangements with HTS and HDC by the agreed timelines set out in the recommendations.

Author: Jacqui Van Mellaerts, Assistant Director – Finance

Governance and Corporate Services

Amendments to the company Articles referenced in the report will facilitate continued adherence to both Companies Act 2016 and procurement regulations whilst supporting and improving business efficacy for both the Council and its trading divisions. Any agreed amendments to the Articles must be correctly filed with the Registrar of Companies.

Author: Julie Galvin, Legal Services Manager

Housing

We have started to implement improvements as outlined in the action plan and report. Over the course of the financial year, we should begin to see these improvements materialise and accelerate across the delivery of the key priorities. This will increase performance for our residents and improve the environment on our estates. The contract changes will create a client/contractor relationship which will allow closer working arrangements and transparency of the HTS performance and costs.

Author: Neil Euesden, Interim Director of Housing

Appendices

Appendix A – Plan B Environment Services Action Plan

Appendix B – Plan B Housing Repairs Action Plan

Background Papers

Plan B - Grounds Maintenance Service Review

Plan B - Housing Repairs Service Review

Pennington Choices – Value for Money Review

Rujoja – Business Plan and Governance Review

Glossary of terms/abbreviations used

None.