

# HTS Transformation Update



<b>Report to:</b>	Cabinet
<b>Date:</b>	10 July 2025
<b>Portfolio Holders:</b>	Councillor David Carter, Deputy Leader and Portfolio Holder for Housing  Councillor Nicky Purse, Portfolio Holder for Environment
<b>Lead Officer:</b>	Alan Townshend, Executive Director
<b>Key Decision:</b>	Yes
<b>Forward Plan:</b>	Forward Plan Number I018635
<b>Call In:</b>	This item is subject to call in procedures
<b>Corporate Missions:</b>	Transform our council Invest in our housing Renew our neighbourhoods
<b>Wards Affected:</b>	All

## Executive Summary

- A** In respect of the council's corporate mission to '*transform our council*', the Building Harlow's Future Plan states that this year, the council will "integrate our property and environmental teams across the council and HTS. By collocating our teams, introducing new service standards and contractual arrangements and driving better value for money we will increase resident satisfaction with these services".
- B** In respect of the council's corporate mission to "*renew our neighbourhoods*", the Building Harlow's Future Plan states this year, the council will "transform our grounds maintenance and street cleansing services. We will introduce and embed enhanced and clear service standards that go far beyond basic upkeep."
- C** In respect of the council's corporate mission to "*renew our neighbourhoods*", the Building Harlow's Future Plan states this year, the council will implement a new proactive tree maintenance policy. This will ensure we better manage and enhance safety, improve health and appearance of our trees.

- D** In respect of the council's corporate mission to "*renew our neighbourhoods*", the Building Harlow's Future Plan states this year, the council will "launch a dedicated Street Scene Priority Taskforce. This will tackle unforgotten and neglected street clutter that chips away at the pride of our town.
- E** The transformation of HTS will play an integral part in the council's mission to "*invest in our housing*" in relation to ensuring our tenants homes remain safe, warm and modern.
- F** Significant progress has been made on the transformation of HTS over the last 3 months. This has included a very significant reduction in overdue repairs, introduction of the new grounds maintenance service standards, a new Street Scene Priority Task Force introduced, a refreshed smaller HTS board is now in place which has been introduced alongside a reduction in senior staff. The co-location of HTS and Council staff is nearing completion and is already seeing some positive benefits.

**Recommended that Cabinet:**

- A** Approves an increase in the repairs and maintenance budget of £1,456,964 which reflects the increased demand for day-to-day repairs and the numbers of empty homes that require works before being relet.
- B** Notes that the deferred 2025/26 increase sum of 3%, is now being made available to HTS.

**Reason for decision**

- A** The volume of repair demand and the numbers of empty homes requires a budget realignment.
- B** The deferred element of the budget increase is being released based on some excellent progress on improving performance and good progress being made by HTS to reduce the group overhead.

**Other Options**

- A** If the budget for repairs and maintenance isn't increased, it would result in homes not being maintained to legislative standards and empty homes not being made available for reletting. This would be a regulatory breach.
- B** If the deferred element of the budget is not agreed this would result in service failures and some services and works not being funded.

## **Background**

### **Repairs and Voids**

1. There has been a substantial reduction in overdue repairs, often referred to as work in progress repairs (WIP), during the last six months. The initial focus for HTS has been on completing all outstanding roof and gutter repairs. There were more than 1,000 such jobs that required completing and HTS managed to get these completed in early April 2025 and as consequence, by the end of May 2025, there were no outstanding roofing and guttering repairs more than 5 months old.
2. The number of repairs received by HTS continues to average at close to 650 new repairs a week. Over a full year this would equate to approximately 34,000 repairs which averages at nearly 4 repairs property. This continued high demand for new repairs has led to a considerable deficit in the council budget for day-to-day repairs which must be addressed to avoid repair backlogs building once again.
3. It is a similar story with empty homes (voids) with the numbers of properties that require reletting steadily increasing with volumes over the last year indicating a weekly average of 12 properties becoming vacant. Many of these homes require significant repairs to be undertaken such as replacement kitchens, bathrooms and heating systems.
4. The Partnering Adviser, 4i Solutions concluded phase 1 of the project on time at the end of March 2025. The outcome report is included in the appendix to this report and was considered at the Shareholder Subcommittee on 29 April 2025. The cost of a repair averaged at £159, which is within the usual sector cost benchmark. The average void cost at £3,763 is on average 27% less per void than the benchmark peer sample. The fixed item replacement costs for bathrooms and kitchens were also significantly lower than sector averages, approximately 29%, as so when combining the two elements of void cost the average cost would need to increase significantly.

### **HTS overheads and efficiency**

5. The 4i Solutions report indicated that the HTS Group overhead was significantly higher than DLOs and other contracting businesses at circa 45%, which is more than double when compared with peers. This outcome is in line with the discussions that have been held with HTS senior staff, board members and the council.
6. The report made several suggestions on areas for efficiency. These aligned with the plans already in place to reduce the cost of the HTS group overhead and thus ensuring that more resource is available to provide front line services to benefit of Harlow residents.
7. Efficiencies achieved to date have included the reduction in the size and number of independent members on the HTS board from 5 to 1 and a reduction in senior

management posts of 5. The financial benefit of this reduction will largely materialise in financial year 2026/27.

8. The HTS finance and HR teams are now co-locating with council peers in the civic office. This will allow greater collaboration and continue to transform back-office services for HTS. The new housing repairs system, MRI, is scheduled to go live on 1 September 2025 with a fully agreed implementation with MRI, council and HTS. Once complete, HTS colleagues that are taking repairs calls and those involved in complaints will collocate with council colleagues at the civic centre.

### **Environmental services**

9. It would be fair to say that progress with implementing the new service standard of litter picking, grass cutting every 10 working days and strimming of weeds has been mixed. Whilst in some areas of the town the grass is being cut more frequently and hitting the 10 working days target, it is evidently clear that the requirement to trim every area is not being achieved.
10. The council and HTS are continuing to work collaboratively to achieve the required standard. It is expected that performance will improve as the summer progresses, and this will be closely monitored.
11. Over the next 3 months there will be further progress on the roll out of the SolarVista app across the HTS workforce and council colleagues which will enable faster reporting on issues alongside better working practices which are aimed at increasing productivity.

### **New financial arrangements**

12. With the increase in repairs demand and the increased cost of returning empty properties, the budget that was previously set by the council to carry out such works is no longer sufficient. HTS has also incurred a significant increase in National Insurance employer contributions following the Government's new approach that came into effect from 1 April 2025. This change has seen employment costs for HTS increase by approximately £800,000 this year alone with future years increasing further still aligned to any changes in future wage growth.
13. The Annual Service Charge (ASC) increase applied from April 2025 was 2%. A further increase of 3% was held back on the basis that HTS would make operational efficiencies and reduce the group overhead cost. This has now happened so the remaining 3% increase is being applied across the housing and environmental ASC budget. This provides an extra £702,904 for the HTS budget. Consequently, the additional funding requirement is therefore £1,456,964. The proposed budget amendments are detailed in the table.

REWORKED council / HTS 2025/26 budget							
		Heading	GF	HRA	Capital	Totals	Additional budget £
<b>ASC</b>	1203 4	Building Maintenance	339,860			<b>339,860</b>	<b>9,899</b>
	1203 6	Grounds Maintenance	1,736,640	2,392,519		<b>4,129,159</b>	<b>120,267</b>
	1203 7	Street Cleaning	1,363,577	1,571,438		<b>2,935,015</b>	<b>85,486</b>
	1203 8	Building Cleaning	166,504			<b>166,504</b>	<b>4,850</b>
	1203 9	R & M		13,813,631		<b>13,813,631</b>	<b>1,589,179</b>
	1204 0	Caretaking	5,115	885,829		<b>890,944</b>	<b>25,950</b>
	1204 1	Cleaning		1,222,519		<b>1,222,519</b>	<b>35,607</b>
	1204 2	Boiler Maintenance		103,120		<b>103,120</b>	<b>11,863</b>
	1204 8	Surveyors	29,045			<b>29,045</b>	<b>846</b>
	1210 2	Savoy Wood		2,487		<b>2,487</b>	<b>72</b>
	1302 5	Fleet	48,630			<b>48,630</b>	<b>1,416</b>
	1510 6	Abandoned Vehicles	56,565			<b>56,565</b>	<b>1,648</b>
	1510 7	Pest Control	62,519			<b>62,519</b>	<b>1,821</b>
		Service rebate removed				<b>255,000</b>	<b>255,000</b>
	5033	Capital			1,319,45	<b>1,319,458</b>	

	9	works			8		
			4,356,542	19,991,543	1,319,458	25,667,542	2,159, 868

## **Implications**

### **Equalities and Diversity**

Four senior members of the HTS team have left the business by reason of redundancy following a formal consultation process. Consultation will be conducted with HTS employees that are subject to future changes in their working arrangements.

There are no equality implication for current employees in relation to this report.

### **Climate Change**

No climate issues associated with this report.

### **Finance**

On completion of the financial year 2024/25 the HRA working balances arose to £14.917 million. After considering approved carry forwards the working balances will amount to £14.095 million. The working balances therefore have the sufficient amount to finance the additional budget required for the council to fund the increase in repairs and voids expenditure.

Officers will continue to model and ensure the HRA 30-year business plan will be self-sufficient going forward during the next budget setting cycle and make appropriate adjustments accordingly.

Author: Jacqueline Van Mellaerts, Finance Director – and Section 151 Officer

### **Governance**

There are no issues arising from the update elements of the report. The significant reduction in overdue repairs is a commendable trajectory to maintain, in terms of regulatory compliance and quality of life for Harlow's tenants. It is imperative, to continue to deliver those two outcomes, that adequate, affordable funding is made available to maintain that trajectory on repairs and to optimise void turnaround times.

Author: Daniel Dickinson, Director – Legal and Governance (Interim) and Monitoring Officer

### **Appendices**

## Confidential Appendix A - Partnering Adviser Report from 4i Solutions

### **Background Papers**

None

### **Glossary of terms/abbreviations used**

ASC – Annual Service Charge

HTS – Harlow Trading Services Limited

HRA – Housing Revenue Account