

INTERIM MANAGING DIRECTOR'S REPORT

1. Recommendations

- **That the information contained in the Interim Managing Director's report below be noted**

2. Overview

- Progress is being made against all objectives set for the Interim MD between August 2021 and April 2022 (see details below.)
- Our mid-year assessment of the impact of COVID on LHC business turnover is better than expected (turnover for 2021-2022 is forecasted to be up by 1.8% to £465,619,818.)
- Income is however lower by 4%.
At the request of the Chair of committee, each Regional Director will provide a 5-minute verbal summary of their COVID recovery plans.
- Staff morale and attendance remain consistently high, with office-based staff returning to work in a planned way following the easing of Government guidance in July. The ongoing health and safety risk of COVID is regularly monitored by our HR lead officer, in conjunction with the senior management team, in consultation with LB Hillingdon HR team.

3. Interim MD's objectives – set by Chair Cllr. J. Bevan and LB Hillingdon-August 2021-April 2022

- 3.1 Be accountable for the recovery of business growth to pre-COVID levels by ensuring the LHC Business Plan objectives and activities are being achieved.
- 3.2 Be accountable for the execution of the 'Lets design' phase of the Transformational Change (TC) Programme.
- 3.3 Work with the senior LHC team and the wider business to deliver the new LHC operations model (LHC-first.)
- 3.4 As a member of the Governance Review Steering Group help to influence and guide the review into LHC Governance arrangements. (The Governance options review report appears elsewhere on the agenda.)
- 3.5 Act as a mentor to support any suitable internal candidates to apply for any future LHC Director's appointment.

4. Business performance

4.1 Income recovery by Regional Business Units

- As set out in paragraph 2 above, each Regional Director will briefly outline
 - How they are approaching their region's business recovery.
 - What their clients and appointed contractors are seeking which is different to the position pre-COVID.
 - How their teams have adapted which will assist income recovery next year (2022/2023.)

- How they intend to capitalise on the experiences of COVID to improve the overall Group position for LHC (this may be financial, environmental, or social factors, community benefits or resilience factors.)

4.2 Client satisfaction

- Client satisfaction rating for LHC remains high at 87.67% with feedback on 55% of project being received. Ratings for our appointed companies are holding firm at around 81%.

4.3 Business levels

- Although our income is down as expected due to covid, our business activity levels are fairly stable (see also tables in Appendix 3.1).
- An analysis of lost leads is being undertaken by each Region and will be part of our future marketing analysis for business growth.

	Six months Apr to Sep 2020	Annual Target (set before covid-19)
New project leads generated	846	1470
New projects registered	377	778
Number of clients with projects	276	407

5. Income and expenditure

- See the financial update for analysis of income and expenditure in agenda item 9.

6. Products (see table in Appendix 3.2)

- We've completed the following frameworks in the last six months:
 - C8, Communal and Dwelling Entrance Doorsets*
 - RS4, Roofing Systems*
 - MB2, Modular Buildings*
 - PB3, Public Buildings Construction and Infrastructure*
 - ADS1.1, Architectural design services for London and Southeast
 - EIS1, Engineering Inspection Services

As part of the procurement bid response LHC collated EDI information for the above frameworks denoted with an asterisk. This has been initially analysed (the results of which can be provided on request) to understand the makeup of organisations bidding for LHC frameworks, and this data will be further compared with industry benchmarking data (where available) to gain further insight which will help inform future framework strategies.

- We are underway with the procurement of the following frameworks and DPS's which are due to be completed in the next six months:
 - MDC, Multidisciplinary Consultancy for LSE & CPC
 - Low carbon DPS for SWPA
- We are underway with the procurement of the following framework which is due to be completed during the next financial year:
 - H2 New Housing Construction
- We are at early planning stages for the following frameworks:
 - U11, UPVC and Timber Windows and Doors
 - K7, Kitchen Supply
 - MDC, Multi-Disciplinary Consultancy
 - FS2, Fire Safety

7. Information Technology

- Staff usage of the 'Yammer' communications platform continues to work well and was particularly helpful during lockdown as previously reported, to maintain staff morale.
- However, as part of the objective to move to a Group LHC approach, senior management have agreed to introduce a Core Briefing process to be delivered verbally by Regional Directors in a monthly "briefing window." This will ensure that key management decisions are communicated in a timely and consistent manner across the whole organisation. The first Core Brief will be issued for November and importantly, staff questions and feedback will be reviewed at the next following senior management team meeting. This will provide a two-way dialogue between staff and the senior team.
- As outlined in 3.2 of the Interim MD's objectives for her tenure at LHC, we are now in the 'Lets Design' phase of the Transformational Change programme originally designed by PWC. The work with PWC has now ended and the project being internally run by LHC. This is more cost-effective and ensuring that staff buy in is secured as the organisation uses its internal expertise to define its IT infrastructure requirements.
A series of "Communities of Practice" (COPS) will work together, representing their functional areas to design the core operating processes. The first priority for COPS will be to design the new Target Operating Model. The launch event for this exciting phase of TC is planned for November 2021.

8. Staff

- A number of key appointments have been made during the last 6 months: please see the organisational chart at Appendix 3.3.
- See chart below for staff data up to Sept 2021:

	Q1	Q2
Headcount	66	68
Regional	43	43
Uxbridge	23	25
Starters	7	4
Leavers	3	0
Sickness Days	6	23
Average sick days	0.09	0.3
No. closed sickness	2	9
No. open sickness	0	2
Training no. of staff	27	25

- A report on staff Equality, Diversity and Inclusion is provided at Item 4 of the Agenda. In addition, a Diversity and Inclusion specialist, Innate Consultancy Ltd., have been commissioned to assist LHC staff to explore and understand the importance of EDI in their

day-to-day roles and increase awareness of unconscious bias in the workplace. This important initiative is fully supported by LB Hillingdon and is being funded from within LHC existing HR budgets.

- Merit Award Scheme:

For financial years 2020-2021 and 2021-2022 a merit award of £2,500 flat rate was supported by the Joint Committee for every staff member and chief officer, pro-rata to their time employed in post that year. This was a reduced merit award due to the COVID pandemic impact, but the flat rate award acknowledged that staff went above and beyond their job roles to ensure that productivity was maintained during a very challenging period and when LHC had made a technical pre-rebate surplus.

Subject to out-turn and progress for the rest of the current financial year, it is recommended that a similar proposal comes forward for approval at the June 2022 committee. Calculations and payment details will be progressed in the report of the Director of Operations.

9. Community Benefit Funds

Locality is managing the LHC Community Benefit on behalf of LHC for a third year in 2021/22.

We anticipate funding either one or two projects in each area. Funded projects should positively impact on one or more of the following areas:

- **Outcomes for young people**
- **Health inequalities or social prescribing**
- **Jobs and skills: Increased participation for underrepresented groups**

These themes were chosen following a consultation with LHC Members and stakeholders in May.

Funding has been allocated to eight areas this year (please see table below.) Locality has been working with local authority 'champions' and voluntary sector infrastructure agencies in each area to identify the best ways to identify applicants and run grants allocation processes locally.

Area	Total Pot 21/22	Allocated via
Brent	£10,000	Direct process administered by Locality
Buckinghamshire	£10,000	Direct process administered by Locality
Enfield	£10,000	Distributed as part of Enfield Voluntary Action's Health Inequalities Partnerships project
Hackney	£10,000	Distributed as part of Hackney Council Small Grants programme
Haringey	£10,000	Distributed as part of Haringey Giving's 'Together we Can' programme
Hillingdon	£15,000	Direct process administered by Locality
Islington	£10,000	Direct process administered by Locality
Lambeth	£10,000	Direct process administered by Locality
	£85,000.00	

Each Local Authority area has its own funding round with deadlines set between late October and December.

Following the grants awards, Locality stays in touch with the successful grantees to link them into their extensive support networks.

Locality regularly works with the LHC communication team to spread good news stories via social media and LHC's News Bulletins This ensures there is transparency about funding allocations and community impact.

At the time of writing this report, about 50% of funds have been allocated to organisations. A verbal update on further allocations will be given at the LHC Board meeting.

10. Risk register (see Appendix 3.4)

The latest version of the LHC Risk Register reviewed internally mid-year is at Appendix 3.4. Senior management are currently in the process of reviewing risk management as part of their strategy planning and the proposed governance review. The impact of transformational change may also present new risks and the Target operating model as it progresses will impact on operating context: as a result, it is anticipated that the format of risk hierarchies will need updating to reflect real world risks.

An updated Risk and Mitigation register will be reported to the next meeting of the Committee.