

Select Committee Agenda



Stronger Council Select Committee Tuesday, 13th April, 2021

You are invited to attend the next meeting of **Stronger Council Select Committee**, which will be held at:

Virtual Meeting on Zoom
on **Tuesday, 13th April, 2021**
at **7.00 pm** .

Georgina Blakemore
Chief Executive

**Democratic Services
Officer**

A Hendry, Tele. 01992 564246
Email: democraticservices@eppingforestdc.gov.uk

Members:

Councillors P Bolton (Chairman), D Stocker (Vice-Chairman), R Bassett, H Brady, R Brookes, D Dorrell, H Kane, S Neville, M Owen, S Rackham and J M Whitehouse

SUBSTITUTE NOMINATION DEADLINE: 6.00PM

WEBCASTING/FILMING NOTICE (VIRTUAL MEETINGS)

Please note: this meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed.

You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during this webcast will be retained in accordance with the Council's published policy.

Therefore by participating in this virtual meeting, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If members of the public do not wish to have their image captured they should ensure that their video setting throughout the virtual meeting is turned off and set to audio only.

In the event that technical difficulties interrupt the virtual meeting that cannot be overcome, the Chairman may need to adjourn the meeting.

If you have any queries regarding this, please contact the Corporate Communications Manager on 01992 564039.

1. WEBCASTING INTRODUCTION

This virtual meeting is to be webcast. Members are reminded of the need to unmute before speaking.

The Chairman will read the following announcement:

“I would like to remind everyone present that this meeting will be broadcast live to the internet (or filmed) and will be capable of repeated viewing (or another use by such third parties). Therefore by participating in this virtual meeting, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If members of the public do not wish to have their image captured they should ensure that their video setting throughout the virtual meeting is turned off and set to audio only.

Please also be aware that if technical difficulties interrupt the meeting that cannot be overcome, I may need to adjourn the meeting.”

2. APOLOGIES FOR ABSENCE

3. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

To report the appointment of any substitute members for the meeting.

4. NOTES OF PREVIOUS MEETING (Pages 5 - 12)

To agree the notes of the meeting of the Select Committee held on 19 January 2021.

5. DECLARATIONS OF INTEREST

To declare interests in any item on the agenda.

6. TERMS OF REFERENCE & WORK PROGRAMME (Pages 13 - 16)

(Chairman/Lead Officer) The Overview and Scrutiny Committee has agreed the terms of reference and work programme for the select committee. Members are invited at each meeting to review both documents.

7. ICT UPDATE (Pages 17 - 22)

To consider the attached report updating the ICT structure of the Council.

8. PEOPLE'S STRATEGY UPDATE (Pages 23 - 32)

To consider the attached report updating the People's Strategy.

9. ACCOMMODATION UPDATE (Pages 33 - 34)

To consider the attached report updating the Accommodation Programme.

10. QUALIS QUARTERLY MONITORING REPORT - Q1 2020/21 (Pages 35 - 54)

To consider the attached report on Qualis Monitoring for Quarter 1, 2020/21.

11. DATES OF FUTURE MEETINGS

This is the last meeting for this municipal year.

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**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF STRONGER COUNCIL SELECT COMMITTEE
HELD ON TUESDAY, 19 JANUARY 2021
IN VIRTUAL MEETING ON ZOOM
AT 7.00 - 8.41 PM**

- Members Present:** P Bolton (Chairman), D Stocker (Vice-Chairman), R Bassett (Member), H Brady, R Brookes, D Dorrell, H Kane (Chairman of the Council), S Neville (Leader of the Green Party Group), M Owen, S Rackham and J M Whitehouse
- Other members present:** S Kane, S Murray and J Philip
- Apologies for Absence:**
- Officers Present** A Small (Strategic Director Corporate and 151 Officer), C Hartgrove (Interim Chief Financial Officer), L Wade (Service Director (Strategy, Delivery & Performance)), A Hendry (Democratic Services Officer), J Leither (Democratic Services Officer) and S Mitchell (PR Website Editor)

26. WEBCASTING INTRODUCTION

The Chairman reminded everyone present that the meeting would be broadcast live to the Internet, and that the Council had adopted a protocol for the webcasting of its virtual meetings.

27. SUBSITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

The Committee noted that there were no substitute members.

28. NOTES OF PREVIOUS MEETING

Resolved:

That the notes of the meeting held 13 October 2020 were agreed as a correct record.

29. DECLARATIONS OF INTEREST

(a) Pursuant to the Council's Code of Member Conduct, Councillor R Bassett declared a personal interest in item 8, Accommodation Update, by virtue of being the Chairman of Community Transport. The Councillor had determined that his interest was non-pecuniary and he would remain in the meeting for the consideration of this item.

30. TERMS OF REFERENCE & WORK PROGRAMME

Councillor Jon Whitehouse asked about the item on the work programme on the Asset Management Strategy he asked if a report on this would be coming back to this committee. A Small said that he would look at it to see if an updating report needed to come back to this committee and when.

31. DRAFT BUDGET PROPOSALS 2021/22

Andrew Small and Chris Hartgrove introduced the report on the draft budget proposals. They noted that the Cabinet had considered the draft Budget Proposals for 2021/22 on 22nd December. At that meeting they agreed the proposals should go forward for Scrutiny by this Stronger Council Select Committee.

The Committee were informed of the difficulties involved in developing a set of draft budget proposals this year and that as a consequence the proposals were less well developed and liable to change as better information became available.

The Budget development process was exceptional this year, in that Covid-19 was having, and would continue to have, a huge impact on many areas of the Council's income and expenditure. The impact, and continued uncertainty, was expected to continue into 2021/22 – at least during the early months – as the vaccine was rolled out. This was making the preparation of robust budgets exceptionally challenging, which has meant many significant assumptions have had to be made at this stage.

There were a lot of unknowns for which assumptions had to be made such as Leisure and Car Parking in the short term, impact on Council tax and rents in the medium term, and how the High Streets would recover, the survival of businesses and other longer term impacts on the community and economy.

It was noted that at November 2020 the council had a gap of £2.1 million, but now this had been closed somewhat.

Appendix A to the report reflected the emerging budget proposals and Appendix B the outline budget for the Housing Revenue Account.

On the General Fund Budget it was noted that work done during the latter part of 2020 led to a balanced position by December and there was no longer the £4.1million underlying deficit anticipated by the Medium Term Financial Plan (MTFP) in November but a net deficit of £2.1 million by amelioration by assumed government grants and use of £1million from the general reserves. The task for officers was to address that deficit by the 22nd December 2020 Cabinet meeting. The budget had been fully balanced when the papers were released for that meeting. However, before the meeting took place, the Government announced the Local Government Settlement for 2021/22. Unfortunately this opened up another (smaller) deficit.

The Public Sector Pay Freeze reduced pressure on spending although they were still assuming an increase of 1.5% (reduced from 3%). Costs on premises could be reduced in excess of 10% due to the new working arrangements and the refurbished Civic Offices.

No increases in Car Parking charges were assumed, with other assumed inflationary increases relatively modest (many were constrained by statute). However, there had been a range of significant positive developments to report on Fees and Charges due mainly by the new lease agreement at North Weald Airfield.

The assumed Council Tax increase of £5 for a Band D property currently remained unchanged from the MTFP and the anticipated collection rate was further reduced from 98.0% to 97.5%. Also, there would be a significant reduction in business rates.

New homes bonus has been reduced from £1.077million to just over £477k; but Government support for Covid 19 was raised to £1.2million; £200k more than anticipated by the MTFP.

Two unexpected bonus' were £135k for the Local Council Tax Support Grant and a Lower Tier Service grant of £186k, both very welcome.

An outline budget of the HRA was presented in appendix B of the report. A stable position compared to the general fund. A balanced position with just a small surplus could be expected. Incomes from dwellings was performing strongly, and with an expected 1.5% increase in rents then the income budget was expected to rise by £1.3million. These would help fund other spending pressures such as Capital Charges and the Housing Repairs Fund.

Councillor Neville thanked the officers for their hard work as it was not an easy year to develop a budget. However, he would expect more detail at this time of the cycle and asked when we would see this at a Cabinet meeting. He was told that the budget was less developed as it normally would be. There would be more details in the February Cabinet and Council meetings. Councillor Philip asked if he was looking for information on the small savings to be made or for the big ones. Councillor Neville replied it was nothing in particular but maybe more on the smaller items.

Councillor Brookes asked about the rent increase mentioned of 1.5%; was this set by us or were we told to do so. She was told that this was at our discretion, in line with CPI inflation plus 1%.

Councillor Brookes then asked how many tenants had their rents paid by Housing Benefits, what sort of percentage. Officers did not have that information with them and said they would get back to her on this.

Following the meeting the following answer was given:

"I can confirm that the Council holds the following statistics re Proportion of Housing Rents paid by Benefits:

- 2018/19 - 46.6%
- 2019/20 - 41.0%
- 2020/21 (to Week 30) - 35.4%

As you can see, there is a fairly strong downward trend, which is the result of working age claimants migrating from Housing Benefits to Universal Credit (UC), which has been ongoing for a while now (the vast majority of UC claimants receive the money and then pay their rent to the Council).

Theoretically the figures quoted above do include UC claimants. However, the figure is known to be significantly understated. The Council's current Housing system ("Ohms") is aging and was not built to cope with UC, although the Council is procuring a new Housing system, which will improve the situation, (unless the system changes in some way) there will still be a large number of UC claimants who are paying their rent in full and on time, that never get identified on the Council's system as UC claimants."

Councillor Brookes then asked about the Housing Repairs Fund; as repairs were going to Qualis now, would this effect things. She was told that it would be cost

neutral, payments would remain the same except it would be external payments and not internal.

Councillor Jon Whitehouse agreed that there was a lack of detail and it was not unreasonable that they should have service level budgets with comparison figures to previous years. He then asked how much the £5 increase in Council Tax would bring in and how many of the government changes and settlements were one year changes and how many would still be in effect in future years. He was told that the £5 increase would raise £270k, as for the other government changes they were mostly one off adjustments and officers were uncertain if they were to be extended. The New Homes Bonus had been extended for one more year, no extension for the Covid support was expected and others such as the local tax support grant depended on how quickly the economy recovered. We have also been promised a fundamental review of Local Government funding for a number of years now and this will be pushed back for another year or more or maybe axed altogether; but it could be reviewed at any time.

Councillor Rackham thanked officers for their hard work and asked about business rates and council tax and how well had we performed compared to other authorities. She was told that there was no neat answer to this; information was still emerging. We had performed badly on council tax and business rates but so had others. We did not know what would be the lasting legacy after this. The government would be giving back about 75% of our losses so that was not too bad. As for business rates, businesses have been massively affected by the pandemic and we may have a number of bankruptcies. But we did start the Pandemic with strong reserves, so were not suffering as much as other authorities. Councillor Philips added that traditionally businesses rates and Council taxes collections was the highest amongst our neighbours, so we had further to fall than they had. On the plus side these rates have not fallen as drastically as other places. We will only know when other authorities set their budgets. We have not had to cut or drop any of our services except for the leisure centres.

Councillor H Kane asked how much would the financing costs project, on further work– including the 2021/22 impacts of the joint Museum and Library project at Waltham Abbey, cost. She was told that paper went to the Cabinet before Christmas putting a business case for this. The anticipation generated by this new centre would cover the financing costs associated with it. There was about £200k already in the budget for this, but there was still more work to do in refining it. Councillor Kane asked if the officer would let her know when he had the figures. She then asked about the ‘non dwellings rents’ in Appendix B, what were they? She was told that these were garage rents. She then asked who carried out major repairs on leasehold properties. She was told that Qualis did this now.

Councillor H Kane then asked about the interest payable on loans; which loans were these. She was told that the council borrowed, back in 2012, as part of buying its way out of the Housing Subsidy scheme and now services this loan instead of paying over an annual subsidy to the Government.

Councillor Bassett asked when we could expect further details and asked about transfer payments, the estimates have gone from £29.5million to just under £25.5 million, what was happening. Also, something mentioned through the report was insurances, and changes in the value of insurances etc. could officers explain a bit more. He was told that transfer payments relate to Housing Benefits Payments, so at present the governments roll out of Universal Credit (UC) which means that some claimants and new claimants were being gradually migrated to universal credit. The

rate of migration to UC seems to be an area of uncertainty. But this is self-balancing due to government contributions. Councillor Bassett asked if we got paid by the government for administrating this on their behalf. He was told that yes, we did, this had not changed. As for insurance, this was a one off – previously the council had accounted for insurance in a holding account that sat outside the main fund budget. This had not been put in before, but as there was a new team this was now put in as part of the detail. Councillor Philip added that they were now being more transparent.

Councillor Bassett noticed an overspend of just under £600k, on Capital Charges due to a deficient Depreciation budget, was the same problem encountered in 2019/20. What was the problem. He was told that the 2019/20 budget set back in February 2019, which showed a half million depreciation in the budget by which time the budget for 2020/21 had already been set so it had rolled over so keeping the same problem. We propose to correct this in 21/22 so it should not happen again.

Councillor Bassett asked again when they would see the details and was told that officers were working on it and were nearly finished. Councillor Philip added that would be when they were sufficiently sure of the figures and would bring it to Cabinet if not the Council. Officers were also waiting for the County to set their budget, hopefully on 23 February.

Councillor Murray thanked officers for their work and the Portfolio Holder as this had not been an easy year. He agreed that they needed more details by the time of the full council meeting. He noted that it was said that no services would be cut, but presumably there would be less funding for them. He would like to know if we did not raise Council Tax at this late stage where would we get this money from? Councillor Philip echoed his thanks to the work done by the officers. This had been a challenging year and next year may prove to be more challenging. He did not want to put up Council Tax, but they were still setting the budget and would keep working the budget to see what they could do and hoped not to leave services with less money.

Resolved:

That the draft budget was considered and commented on by the Stronger Council Select Committee.

32. ACCOMMODATION UPDATE

The Service Director for Service, Delivery and Performance, L Wade, introduced the report on the update for the accommodation project. The Select Committee noted that construction works, fixtures and fittings continued to be on time, orders had now been placed with the first delivery taking place in January. Minor amendments had been made to the ground floor space to enable a large PACE room to be available impacting the consultation space.

Requirements for the desk and car park system were now complete and configuration of the IT system that would manage this had now commenced.

One of the “Travel to the Civic” options for employees and residents was the DRT. This was launched in January and there had already been a positive take up for the service with residents which we hoped to extend to employee usage.

Individual sessions had been taking place with teams and there had been a big focus on decluttering. With a “Scan it, Scrap it, Store it, Stop it” campaign, we had been

keen to ensure that we only retained what was necessary and recognised that files could be retained in digital form.

Commercialisation of the 2nd floor was now live. Officers would be looking to review the interest and opportunities for this space at the end of January. Talks continued with partners in terms of how they would use the Civic and this also extended to other partners that would be using touchdown space in the community hub.

Due to the current lockdown, we would be closely reviewing the plan and understanding any impact this may have on the fit out of the building and the co-ordination of both external and internal resources that will need to install equipment.

The refurbishment continued to be within the agreed budget and was forecasting a positive variance of £106,066.

Councillor Bassett asked about moving of offices and the removal of papers from officers. He noted that there was a legal requirement to keep some of these papers in hard copies, who would supervise this? He was told that this would be done in conjunction with each Service Director and the appropriate managers.

Councillor Brookes, noting that it would be a phased re-introduction to the offices, asked how many staff, given the restrictions, were working in the Civic Offices at present. She was told that there was restricted space in the Conder building at present, with only about 18 persons a day going in. This was also due to Health and Safety restrictions.

Councillor Neville asked how many council staff have been using the demand responsive transport. Also was it right that you had to book it three days in advance. L Wade said that she did not know the exact number but understood that it was mainly used by hospital staff not council staff. Councillor Bassett added that you did not have to book it three days in advance, as long as they had some advanced warning. Councillor Jon Whitehouse pointed out that the website said that it had to be three days in advance. Councillor Bassett replied that they would like three days' notice, but it was not necessary. Councillor Whitehouse said that this needed to be made frictionless for public use as it was a new initiative. Councillor Bassett said that he would investigate it but noted that it had been launched just as we were going into lockdown which did not help.

Councillor Whitehouse then went on to ask about the phrase 'concluding discussions'. Did this mean taking things to the stage of signing leases or getting agreement in principle. What would you consider this to mean? And did this include discussions with the County Council about the library. He was told that it varied according the partner being spoken to. As for the Library, the County Council still had various processes to go through before that was concluded.

Councillor Brookes asked about the People's Strategy and the support for staff, were staff still accessing support and was it still easy and anonymous? She was told that it was all still available and over the winter months they had added more resources, such as drop in sessions and Mental Health First Aiders and resources. Councillor Brookes added that in her opinion it was still difficult for some people to work from home and 18 spaces was not a lot. She was told that additional desks had also been made available at other sites for officers.

Councillor Murray asked about the summary which said that a PACE room was being made available. Was this the same as the Police interviews carried out under PACE

guidance? He was told that some service areas had to conduct interviews under formal PACE conditions. Councillor Murray then asked if this would impact on consultation space and other spaces. He was told that they had increased the size of space in the rooms to accommodate witnesses. This was more of a reconfiguration of the space available.

Resolved:

That the Committee noted the summary of progress on the Accommodation Programme.

33. CORPORATE PERFORMANCE REPORTING

The Chairman, Councillor Bolton, introduced the report on the results of corporate performance for quarter 3. He took each page of the report and asked for members to stop him if they wished to discuss any of the outcomes.

Councillor Whitehouse asked about the amber indicator for private sector letting, noting that it had been postponed. What had caused this? He was told that it was a resource constraint that led to this prioritisation that led to this being paused, a number of staff being unavailable due to several issues occurring at that time.

Councillor Whitehouse asked about the red indicator on the "Fix the Basics" item under the consumer excellence programme. He noted that the 'Contact-Us' email account had been withdrawn despite it being still on the website. What had been put in its place. He was told that a redirection had been put in place and officers were not aware of any issues stemming from this. But it would be checked. Councillor Neville said that the clerk at Buckhurst Hill Parish Council had not been redirected during a recent routine enquiry. It would be a good idea to investigate this more.

Councillor Brookes asked if there had been a lot of changes in the Contact Centre as she had recently been put through to the wrong office. She was told that there had been some recruitment in the last quarter, but there were no really new officers now.

Councillor Dorrell asked about the amber indicator on the Digital Members Journey noting that Mod.gov had been giving members a lot of problems on i-pads for some time now but was worried that he could not go back and look at notes he had made on agendas at the time. Was there any update on this problem? He was told that officers had formed a group to identify and understand what was happening. Councillor S Kane added that it was a Modern.Gov issue as he has also had problems on his i-pad. He asked if the problem was with the private paper section or the public version. Councillor Dorrell said it seem to be the private (signed in version) but only on his i-pad, his other device (Android) seemed to be OK. Councillor Philip confirmed that was the exact same problem for him as well. Councillor Kane said that he would investigate and get back to the Committee.

On the section on attracting, on boarding and retaining staff, Councillor Rackham noted that anything the council could do to retain its staff would be most welcome.

On the section on ICT Restructure, the Councillor Bolton noted that it said to reduce overall headcount but also that there were 10 vacancies in the team. Was this a paradox. Councillor S Kane said that they had identified jobs that did not exist previously, and jobs that were no longer required. They had lost 17 staff in that section but needed to recruit 10 staff to complete the team.

Councillor Bassett noted that under Engagement and Wellbeing it mentioned a private medical salary sacrifice scheme. Would this also be available to Members? Officers were unaware if it was and would investigate.

Councillor Brookes asked if it would not have been possible to recruit new people for IT while keeping on staff until the new staff were found. Councillor S Kane noted that it would have been possible but not financially advantageous to spend 6 months while paying for people that we did not need while searching for people that we did. All the new positions had been advertised within the council for a period of time and anyone up for redundancy was interviewed for any job they chose to apply for. Some had been placed into the new positions but not all. They have now completed the internal recruitment section and were onto advertising externally.

Councillor Bolton commented on the Sheltered Housing Review noting that plans for wi-fi was being removed due to being uneconomical, would it not be better to improve wi-fi access which he thought was the original plan. L Wade said that there were complexities and unknown costs associated with this. It needed further investigation and a detailed understanding of the needs for sheltered housing. Also, the high cost associated with this. Councillor Bassett noted that with Covid 19 people needed to communicate and wi-fi connectivity has proved to be vital in this and its help in mental health provision. Due to these circumstances it deserved to be reviewed to see what we could do to assist with this. L Wade said she would check what we had provided and what was intended to be done.

The meeting noted that the Local Plan was still in the hands of the inspector. A report on the Digital Gateway would be going to the next Cabinet meeting and the Leisure Contract had been overtaken by lockdown.

Councillor Neville noted that the council was below the employment rates of the BME target it had set. Why was this and what were the main obstacles. L Wade was unaware of the main obstacles but was aware that the Council had initiated a new project around this area to better understand the problems.

Resolved:

That the committee reviewed the report and noted the progress of project delivery against Q3 milestones.

34. DATES OF FUTURE MEETINGS

The Committee noted their future meeting dates.

STRONGER COUNCIL SELECT COMMITTEE

TERMS OF REFERENCE 2019/20

Core Areas of Responsibility

- (1) To provide scrutiny for the following corporate projects:
 - People Strategy;
 - Accommodation Strategy; and
 - Digital Enablement
- (2) To monitor the Corporate Plan Action Plan performance report and provide scrutiny of services that are not performing to standard and develop proposals for their improvement. The Stronger Council Select Committee in its review of Corporate Key Performance Indicators can task other Select Committees to review service performance and develop proposals for improvement.

Scrutiny Role of the Select Committee

- (1) To engage in policy review and development, with a focus on improvement and how this can be best achieved;
- (2) To develop a work programme each year that effectively scrutinises the areas of responsibility outlined above;
- (3) To consider any matter referred by the Overview and Scrutiny Committee, Cabinet or a Portfolio Holder and to make recommendations as appropriate;
- (4) To consider the effect of Government actions or initiatives that affect the Select Committees areas of responsibility and the impact on customers, residents, businesses and visitors to our district, and to respond to consultation activities as appropriate;
- (5) To establish working groups and task and finish panels to undertake any activity within these terms of reference;
- (6) To undertake pre-scrutiny through the review of specific proposals of the Council and its partner organisations or other local service providers to help develop policy;
- (7) To monitor and review relevant projects and associated closure and benefits reports; and
- (8) To engage with the community and encourage community engagement.

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**Stronger Council Select Committee
Work Programme 2020/21
Chairman: Councillor P Bolton**

No.	Item	Deadline	Progress and Comments	Programme of Meetings	Lead Officers
1.	Corporate Plan Action Plan (KPI's by exception) – performance scrutiny	Corporate Action Plan KPI's, Q1 Apr, May, Jun – 14 July 2020 meeting Q2 Jul, Aug, Sept – 13 Oct 2020 meeting Q3 Oct, Nov, Dec – 19 Jan 2021 meeting Q4 Jan, Feb, Mar – 13 Apr 2021 meeting Live system reporting – by exception. No pre- distributed reports, projection of live data on the night.		14 July 2020 13 October 2020 19 January 2021 13 April 2021	Louise Wade
2.	People Strategy	14 July and 13 October 2020 – 19 January 2021 & 13 April 2021 Project reporting, issues focussed.			Paula Maginnis Jo Budden
3.	Digital Enablement	Prioritisation of Council Technology strategy. Outcome focussed 19 January 2021			Paula Maginnis Maryvonne Hassall

4.	Accommodation	14 July and 13 October 2020 - & 19 January 2021 Project reporting, issues focussed			Louise Wade Victoria Wright
5.	Financial Issues Paper	14 July 2020 Scrutiny of MTFS 20/21 onwards	Revenue and Capital Outturn report went to October 2020 meeting.		Andrew Small Christopher Hartgrove
6.	Draft budget scrutiny	2021/22 budget setting 19 January 2021	Budget Monitoring Report went to October 2020 meeting		Andrew Small
7.	Asset Management Strategy	Council asset strategy (new)	Approved by the Cabinet 13/06/19 and referred to Council 30/07/19 for adoption.		Andrew Small
8.	Review of Polling Places, Polling Districts & Polling Stations	July 2020			Gary Woodhall
9.	Review of Local Elections 2019	October 2020			



Report to Stronger Council Select Committee

Date of meeting: 13 April 2021

Portfolio: Customer & Corporate Support (Cllr Sam Kane)

Subject: ICT Update

Officer contact for further information: Maryvonne Hassall (01992564054)

Democratic Services Officer: A Hendry (01992 564246)

Recommendations/Decisions Required:

For the Select Committee to consider the ICT update report.

Report:

Achievements 2020/2021

1. Over the past year we have focused on completing the ICT restructure and improving the basic ICT service the team delivers. Seventeen colleagues have left the team, and 10 have joined. The team is now at capacity. A business partner model has been implemented with meetings held with each service area (19) every month. This has led to better alignment of ICT services and service area requirements. The session review operational issues, projects, and strategic plans.
2. The team have implemented a service desk management tool that provides better visibility and management for incidents, changes and problems. This is being used across the whole team and by all colleagues across the council to ensure tickets are raised, visible and appropriately prioritised and dealt with. The number of aged tickets has decreased from 102 in Oct 2020 to 13 in March 2021, and the SLA has gone from 89% to 98 % in the same timeframe.
3. The team have facilitated the home and remote working for all colleagues across the council, and provided laptops, Microsoft teams, and BYOD support. This has been essential due to the Covid restrictions and the mandate for all colleagues to work from home if possible.
4. A new project governance process has been implemented. In August 2020 we did not have a list of projects. When the list was collated there was 202 projects on the list and the effort to complete them would have taken 14.76 years. This was leading to failed delivery across the board. The new process has now delivered 113 projects, and 25 are currently live, 12 are being scoped and 66 are on hold. The process is governed by a monthly IT portfolio governance meeting that monitors all the projects and decides on which should take priority when there are resourcing constraints.
5. Other work has been completed to prepare and simplify the environment. This includes removing duplicate or overlapping solutions, such as Aerohive, moving the firewall management to the cloud and migrating colleagues to O365 in the cloud.
6. The accommodation project has required significant ICT resourcing and the team have been involved in aspects covering networking, AV, equipment fitting, resource booking systems and decanting of equipment.

7. Security has remained a key focus with the emphasis on how to safely open things up to provide better user experience. This has included working more closely with the Strategic Information Governance group to assess risks and implement agreed changes.
8. A new Disaster Recovery solution has been implemented which allows services to be run from the cloud in case of total loss of on site solutions.

Infrastructure Review 2021/2022

9. With these basics now in place, it is time to move on the next stages of the ICT journey. This is focusing on improving resilience of services and removing the dependency on the Civic centre infrastructure. It is time to move to the Azure cloud. Initial assessments have been completed which support the business case of moving to a hybrid cloud model initially. This means will move those services best suited to running in Azure and not those that currently wouldn't work that well. We will then change the way we access services, so we access directly via the cloud and only come into the computer suite for services that still run there. This will improve the resilience of the ICT services and mean that things will be able to run independently from the physical computer suite.
10. A report was commissioned from Methods (a specialist ICT consultancy) in Jan 2021 which review the options for progressing moving to the cloud (i.e. our infrastructure strategy) and presented the pros and cons. The findings of this report are included below.

Pros & Cons

Recommission Infrastructure	Cloud	Shared Infrastructure
<ul style="list-style-type: none"> • No disruption • Knowledge already in house (no staff retraining) 	<ul style="list-style-type: none"> • Ability to scale up or down depending upon need to minimize costs • No need to maintain physical infrastructure • Follows government guidelines of cloud first • Flat clear pricing if required, no hidden costs. Or more flexible varied pricing optimized to occasional bursts, if preferred. • Reduced physical infrastructure • Greatly simplified disaster recovery, backups, improved resiliency • Established frameworks, migration approaches, and wide support • Infrastructure is easily maintained as code, allowing for fast changes • Greatly improved monitoring • Regularly refreshed hardware infrastructure • Advanced security features • Predictable costs • Moves the council to be in a good position using recognised technology stack in the event of Local Government Reform allowing the council to set their own pathway for technology. 	<ul style="list-style-type: none"> • Potentially lowered cost • Potentially shared staff cost
<ul style="list-style-type: none"> • Is not the most cost-effective approach from an initial evaluation • Lacks the resiliency of a cloud-based solution • Lacks flexibility and always requires the hardware to be over specified to cope with peaks • Limits options with regards to rapidly adapting to new demands (users, software, etc.) • Skill set required is increasingly becoming less common • Physical presence required to troubleshoot hardware failures • Longer lead times for replacements of faulty hardware • Expenditure will be required, so although it can be used to delay a decision there will be a cost to that. • Ongoing upfront costs • Devaluation (in effect lease vs buy) 	<ul style="list-style-type: none"> • Requires upskilling of staff (though this can also be considered an advantage) • Initial migration costs and during the dual running phase (when both original infrastructure remains operational and cloud infrastructure) will be higher • Reliant on single supplier: Can be mitigated by reserved instances which fix prices for a number of years, and having a correct approach to infrastructure in the cloud (infrastructure as code) to simplify migration to another cloud provider 	<ul style="list-style-type: none"> • High risk of unexpected large costs if not all partners remain fully committed to this approach • Difficult to calculate how costs should be shared • License limitations often prevent such sharing • Reports of previous attempts failing to gather interest • Carries all the disadvantages of remaining on in-house infrastructure

Hybrid Public Cloud	Recommended Option
<ul style="list-style-type: none"> This is the most flexible approach, allows for a gradual rollout and ensures EFDC will get the benefits of being in the cloud quickly without the issues that can be faced if all infrastructure is migrated at once This approach allows early results to be achieved, most likely initial servers could be migrated within months. Opens up the route to full cloud adoption in the future at a time and pace, that fits in with other upgrades (e.g. software to SAS offerings). 	
Recommission Infrastructure	
<ul style="list-style-type: none"> Whilst not ideal this is a fairly low risk approach, though it results in locking into the current infrastructure for longer than may be desired, and will not help with cost savings (upcoming costs soon). The current risks posed by the existing approach are not really resolved, and no improvements are seen. 	
Full Public Cloud	
<ul style="list-style-type: none"> This will not be as ideal as a hybrid cloud approach initially as it will result in some infrastructure that for cost, retirement or licencing issues is ill suited to cost effective running in the cloud, and may be better decommissioned over time. This delivers all the cloud benefits (resiliency, reliability, adaptability, potential cost savings, latest infrastructure) in one. 	
Shared Infrastructure	
At this time this option is advised against although could be considered at a future point when EFDC has a mature, modern and efficient infrastructure.	

Azure vs Amazon Web Services (AWS)

- In order to complete the analysis on cloud costs the current EFDC infrastructure was analysed using both the Azure and AWS cost calculators to estimate potential future costs

Options Cost Summary

The following table sets out the costs of the top 3 options, in relation to option 4 "shared infrastructure" at this time it has not been possible to determine the cost position. All costs detailed below represent the operational running costs and do not include the potential implementation costs.

Approach	Description	Total Worst Case (24*7, higher spec)	Total Best Case (reduced running time, lower spec)
Hybrid Cloud	Majority of Virtual Servers moved to cloud (Application & SQL Server) (Azure Only)	£239,336 + Remaining in house costs	£131,316 + Remaining in house costs
Full Cloud	All servers & services where possible migrated to cloud (Azure Only)	£315,620 (£281,625 + £33,995)(no virtual desktops, and 1Gbps unlimited express route)	£197,665 (£163,670 + £33995) (no virtual desktops, and 1Gbps unlimited express route)
		Worst Case	Best Case
Recommission Infrastructure	Rolling programme of replacements	£305,735 Assumes a £80k rolling refresh budget with a £400k total asset value	£275,735 Assumes a £40k rolling refresh budget with a £200k total asset value
Do Nothing	Replacement of servers and related infrastructure only at the point of failure.	£259,596 Assumes a 15% hardware and infrastructure failure rate p.a	£225,736 Assumes that all services will not have failure

- The next steps for this project are as follows;
 - Complete the Infrastructure and Applications Strategy documents
 - Seek strategic agreement to the Strategies and option appraisal recommendations
 - Outline the business case to produce a cloud readiness assessment and plan for implementation
 - Commission a Microsoft Gold Partner in Cloud Platform to undertake a cloud readiness assessment
 - Define an implementation plan, resource profile and requirements to commission external support to implement
 - Complete full business case for hybrid cloud
- A cloud readiness assessment has been commenced to gather further data to assist with the planning process.
- To support this move, the back up service will be moved to the cloud, the network will be revamped to ensure effective access, and the existing physical infrastructure will be strengthened where appropriate.

15. This change will also facilitate the other application work the council is doing to procure new planning and housing management systems.
16. As part of an application review, other applications, from our current 145 systems portfolio, will be switched off, upgraded, migrated to the cloud or moved to Software as a Service. An application strategy is being completed, alongside a service management and infrastructure strategy, that will help steer the selection of solutions and changes going forward.
17. More work will be done on the collaboration set of products as the current working from home and flexible working will continue with the new usage of the Civic building.
18. This report is seeking support to continue the cloud journey and move key services into the Azure environment.

Reason for decision:

No decision is required by the Committee; however it is asked to consider the achievements in 2020/21 and the current review of the Council's infrastructure and planned work for 2021/2022

Options considered and rejected:

The infrastructure review identified several options of which 2 were discounted;

Do Nothing	
Continue with the existing infrastructure without upgrade	The age of the infrastructure and expiring licences means that even if nothing is done, there will need to be purchases and ongoing replacement of hardware as it reaches end of life or fails. For instance, key servers are due to be out of support by early 2022, and software licences will require renewing in January and April 2021, continuing with the current infrastructure without replacement or migration will lead the council to an increasing risk position in relation to its IT estate.
Convert DR Services to Live	
Convert the existing web based DR provision to become the new cloud environment	This option does not match the products offered by the supplier of the current Disaster Recovery platform as their offerings focus solely on Disaster Recovery and not ongoing hosting as a cloud provider themselves, however it may be worth considering their functionality for use in a cloud migration if suitable.

Consultation undertaken:

Not applicable

Resource implications:

Costs have been included in the budget for 2021/2022

Legal and Governance Implications:

Procurement of applications/systems will be procured in accordance with the Council's Policies and Guidance

Safer, Cleaner, Greener Implications:

Not applicable

Consultation Undertaken:

Not applicable

Background Papers:

Not applicable

Impact Assessments:

Risk Management

Risks are set out in paragraph 10 within the report.

Equality:

Not applicable.

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SCRUTINY



Report to Stronger Council Select Committee

Date of meeting: 13 April 2021

Portfolio: Corporate Services (Cllr Kane)

Subject: People Strategy Update

Officer contact for further information: Paula Maginnis (01992 56 4536)

Democratic Services Officer: A Hendry (01992 564246)

Recommendations/Decisions Required:

To consider the People Strategy Update report.

Report:

1. The People Strategy and Plan 2020/2022 sets out clear actions and timescales over a two-year period to support the Council deliver its strategic objectives and is divided into 6 workstreams;
 - Attracting, on boarding and retaining the best talent
 - Developing our leadership
 - Embracing change to support EFDC evolution
 - Creating a culture of engagement and wellbeing
 - Developing our skills and behaviours to make EFDC a great place to work
 - Achieving organisational goals through a high performing and flexible workforce

At the core is transforming the People Team to become an enabler for the organisation.

The Strategy sets out the ambition for our workforce – the right people with the right skills, highly motivated high performing and business efficient.

2. Appendix 1 sets out the achievements realised during Year 1 of the Strategy, 2020 – 2021. In summary, the People Team supported the organisation's wellbeing, the accommodation project developing new ways of working, developing the culture to become more resilient, improving policies and process, including the use of technology to automate as much as possible.
3. Appendix 2 sets out the work programme to achieve Year 2 of the Strategy 2021 – 2022.

Reason for decision:

The report is for consideration by the Select Committee so that comments can be made, decisions taken on further reports as part of the Work Programme and have an oversight on the projects to continue to take the People Strategy forward.

Options considered and rejected:

Not applicable

Resource implications:

No budget resources or staff capacity is required at this stage, however these will be identified

during the Project Brief stage for individual projects.

Legal and Governance Implications:

Not applicable

Safer, Cleaner, Greener Implications:

Not applicable

Consultation Undertaken:

The trade unions, members and managers were consulted on the proposed People Strategy in 2020.

Background Papers:

Not applicable

Impact Assessments:

Risk Management

An assessment of risk is part of the consideration when completing a Project Brief for individual projects

Equality:

An Equality Assessment will be carried out as part of the Project Brief for the individual projects

PEOPLE STRATEGY 2020/22

2020/21 - What have we achieved?

Objectives	What did we achieve?
Transforming the People Team	Review of (As Is) and (To Be) structure completed. First phase of new people structure implemented to move to a Business Partner model, roles and responsibilities defined. Phase two of the People Structure will commence April 2021.
Design and implement a People Strategy.	People strategy 2020/22 designed and launched to stakeholders, key programmes of work identified, Milestone and high-level plans designed and being worked through.
Sourcing our future workforce – iRecruit	Phase 1 of digital iTrent iRecruit system launched – Career's landing page, application design and manager self-serve. Phase two and three to follow.
Creating a culture of Employee Wellbeing	Wellbeing initiatives and wellbeing hub launched. Promotion and repository of wellbeing tools tailored to COVID wellbeing designed. Mental Health First Aider training launched, target of 1 in 10 targets has been met by target date of Feb 2021.
Creating a culture of engagement	Perkbox benefits, Perkbox Medical, Perkbox Insights (Employee Engagement) and Perkbox Recognition platforms all launched, 88% of employees currently signed up and using the Perkbox platform.
Review of people management policies	Full review completed of people management policies.
EFDC/Union Partnership	Building a trusting working partnership with both Unison and GMB
Local Pay 2020	Implemented the first year of local pay for EFDC, ensuring that market rates were researched, and our structure aligned. Awarding our employees through both local pay and NJC requirements
Covid Response	Flexible and agile approach to people policy and process to align to the needs of the organisation, focus and investment of the employee support offering.

Accommodation	Effective flexibility Guidance designed. Complete review of current employee contracts and contract project scoped in-line with effective flexibility.
Internal Communications	Internal communications now aligned to the People Team to ensure more fluid engagement for the organisation.

PEOPLE STRATEGY 2020/22
Second Year 2021/22

The objectives and aims for the coming municipal year 2021/2022.

Service Objectives/Aims		High performing and flexible workforce Project		
High level activities/projects	High level outcomes	Aspirational Quarterly target	Funding Source (Revenue/Capital)	Other Service support
Achievement of corporate and business objectives through a high-performing, flexible and resilient workforce	Introduce a new performance management framework to support a high-performance culture, talent pools and succession planning.	QTR 2 2021	NA	Achievement of corporate and business objectives through a high-performing, flexible and resilient workforce
Interim enhancement of non-digital performance management process	Review current performance process and identify improvements, gaps and quick wins. Non digital interim performance improvement process designed and launched to organisation along with manager and employee guidance. Include a calibration methodology to support employee EOY performance/behavioural performance that also supports succession planning.	QTR 2 2021	NA	Exec sign off as an interim corporate tool. Pilot from May - September 2021 for feedback. Requirement for iTrent build to calibrate via Manager Self-Serve
Digital Performance Tool to be procured and guidance produced.	Procure a new performance management system with an integrated feedback tool, supporting Objectives, Key Results, and development plans.	QTR 1 2022	No budget for this in 2021, budget scope for 2022	Executive Team sign off for corporate digital solution.

Service Objectives/Aims	Attracting, On Boarding and retaining the best talent			
High level activities/projects	High level outcomes	Aspirational Quarterly target	Funding Source (Revenue/Capital)	Other Service support
Onboarding/Induction process design and roll out.	New induction and on-boarding process embedded ensuring new employees can engage and develop into their roles effectively and feel immediately part of EFDC.	QTR 1 2021	N/A	Currently being piloted for additional stakeholder feedback. Will require all service areas to review their own requirements to evolve this.
Pay – deliver local pay award in-line with NJC.	Local pay review 2021/22 completed in line with NJC requirements in line with annual timetable and retention strategy. Pay Award 2022/23	QTR 1 2021 QTR 2 2021 – QTR 4 2021/22	EFDC pay review budget agreement.	NJC consultation outcome for 2021 Financial budget confirmation for local pay increase 2021
Fully automated recruitment system through iTrent (iRecruit)	Fully automated manager self-service recruitment system through iTrent	QTR 2 2021	Midland HR system cost for builds and integration.	Full launch of Manager Self-Serve led recruitment process by June 2021.
Benefits – scope & deliver total reward benefits (platform)	Fully digital benefits platform that evolves through insight, analytics and employee engagement. Continuingly looking at ways to improve our employee offering through salary sacrifice schemes.	QTR 2 2021	Ongoing benefit platform licence costs Salary sacrifices funding for new schemes.	Launch engagement for Private Healthcare salary sacrifice for all employees results ready in Q! 2021.
Career pathway process design	Career process design to support delivery of the council's strategic priorities, building development opportunities and career pathways for all our employees.	QTR 1 2022	Not scoped yet	Will require all service areas to complete their skills matrix framework.

Design Retention Strategy	Retention Strategy designed with detailed milestone plan to include: Purpose, Growth, Investment, Reward & benefits, T&C's	QTR 1 2022	Not scoped yet	
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Service Objectives/Aims	Developing our Leadership/Skills and Behaviours
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High level activities/projects	High level outcomes	Aspirational Quarterly target	Funding Source (Revenue/Capital)	Other Service support
Learning and Development Strategy 'The learning tree' developed	Learning and Development strategy launched with milestone plan.	QTR 1 2021	N/A	
Organisational development programme for all levels to include core essential skills and CPD.	Development programme to enable our leaders and managers to be ambitious, creative and business-focused, to lead and motivate the teams they manage, resulting in individuals achieving their full potential. At the same time, our managers will have the confidence and skills to address people management to ensure the organisation continues to be high performing.	QTR 2 2021	Development funding/corporate funding budgets	Executive Team engagement and sign off then stakeholder feedback across all levels of the organisation.
Organisational skills matrix designed and embedded.	Key skills development for leaders to ensure our senior leadership team provides strong, clear leadership by inspiring their teams to achieve their full potential and achieve transformational change, removing unnecessary barriers/tenure constraints to development opportunities.	QTR 2 2021	Corporate learning budget costs	All organisation to adopt the growth and opportunity mindset. Exposure, Education, Experience

	A holistic approach to career and skills development to ensure our employees are supported to seek opportunities to engage in projects, work with new colleagues, and gain new skills and experiences to enhance their development.			
Fully automated learning management system through iTrent (iLearn)	A full automated learning management system that enables Manager Self-Service. Implement a digital learning hub to support a culture and mind-set of continuous access to learning and development opportunities and experiences across the organisation.	QTR 4 2021	Additional capacity costs	

Service Objectives/Aims	Engagement and Wellbeing programme
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High level activities/projects	High level outcomes	Aspirational Quarterly target	Funding Source (Revenue/Capital)	Other Service Objectives support
Wellbeing Strategy re-developed	An environment where employee's wellbeing is an integral part, and organisational decisions consider the impact on employee's wellbeing.	QTR 3 2021	NA – maybe a requirement for individual initiatives	Revisit employee wellbeing offering for organisation working collaboratively with the Community wellbeing team.
Diversity and Inclusion strategy developed.	An inclusive, respectful working culture in which employees are recognised and praised for their efforts, creativity, flexibility, and Individuality.	QTR 4 2021	NA	

Service Objectives/Aims	Internal Policy and Process improvement project supporting EFDC Evolution
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High level activities/projects	High level outcomes	Aspirational Quarterly target	Funding Source (Revenue/Capital)	Other Service support
People Management Policies are in line with EFDC's digital self-service evolution.	Complete policy and guidance content review, modernisation, and re-branding of EFDC's people management policies and procedures, to ensure they are fit for purpose and legislatively compliant. New people management essential skills e-learning calendar launched.	QTR 3 2021		Ongoing IAOG Policy ratification group sign off. All managers to complete essential people management e-learning (11 modules)
Automated People Management Processes. Move to digital processes.	People Policies are people centric, simple, business-focused, and compliant with legislation, empowering our leaders and managers to ensure consistent application and self-service.	QTR 3 2021		Reliant on intuitive intranet, SharePoint, currently using document links in excel format as current work around.
Collaboration Tool	To have an intuitive, interactive, and attractive information platform, that engages and informs all employee through different channel methods aligned to the internal comms strategy.	QTR 3 2022	Will require budget/procurement and capacity investment.	Collaboration Tool Project brief developed covering discovery stage. Led by a programme team including, People team, Internal Communications, ICT and content experts/managers from each service area.
Job Families - Refresh and embed within the organisation.	Review job families and career pathways to enable employees to plan their career journeys with EFDC.	QTR 3 2021		Job family and JE training organised throughout 2021.

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Report to Stronger Council Committee

Date of meeting: 13th April 2021

Portfolio: Leader (Councillor C Whitbread)

Subject: Accommodation update

Officer contact for further information: Louise Wade (lwade@eppingforestdc.gov.uk/ 01992 642311)

Democratic Services Officer: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

That the Committee note the summary of progress on the Accommodation Programme as at 25th March when this report was written and any verbal updates.

Executive Summary

As planned, refurbishment is in the final stage of completion and handover with snagging underway. Furniture is now installed and it has created a modern and 21st century place to work, where the space can be used in a flexible way that suits employees and members. Audio Visual equipment is also in the final stages of testing.

An initial meeting with the community hub partners has been held, with several organisations committed to the vision of core offerings, joint support and guidance and community space and activities.

A positive meeting with Essex libraries and portfolio holders took place, where they were encouraged by the light open space that had been created and the additional spaces that could be used for community events.

There has been a huge effort by the organisation to clear out the existing space in the Conder. It has highlighted that as a council we can contribute towards the climate change emergency, by relying less on paper by streamlining services and also storing data and documents within the cloud.

A new print to post service is currently in pilot development stages with democratic services, which will reduce the amount of printing that will take place within the Civic. This will also allow the council to save costs on paper and print equipment and will mean resources can be refocused on more value-add activity.

With the 2nd floor now available for viewings, we have had some very positive interest which we are hoping results in offers being made.

As social restrictions are in place until the end of June and there is a need to utilise the building for elections activity, there will be a phased return to occupying the building. This will commence on the 12th April and individuals will attend induction sessions through May and June.

The refurbishment continues to be within the agreed budget and is forecasting a positive variance.

Reason for decision: No decision required.

Legal and Governance Implications:

There are no legal or governance implications arising from the recommendations of this report. However, any implications arising from actions to achieve specific objectives or benefits will be identified by the responsible Service Director.

Safer, Cleaner, Greener Implications:

There are no implications arising from the recommendations of this report in respect of the Council's commitment to the Climate Local Agreement, the Safer, Cleaner and Greener initiative, or any crime and disorder issues with the district. Relevant implications arising from actions to achieve specific objectives or benefits will be identified by the responsible Service Director.

Consultation Undertaken:

Programme updates provided to:
Leadership Team
Overview & Scrutiny Committee
Stronger Council Select committee

Background Papers:

Risk Management:

There are no risk management issues arising from this report. Relevant issues arising from re-planning or actions to achieve specific objectives or benefits will be identified by the responsible service director and communicated to the Corporate Risk Management Group.



SCRUTINY



Report to Stronger Council Select Committee

Date of meeting: 13 April 2021

**Portfolio: Commercial and Regulatory Services –
Cllr A. Patel**

Subject: Qualis Quarterly Monitoring Report – Q1 2020/21

Officer contact for further information: Andrew Small

Democratic Services Officer: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

To discuss this report and agree any actions required.

1. Executive Summary

- 1.1. The Governance framework for Qualis, as agreed by Cabinet in February 2020, set the requirement that Qualis should report to Epping Forest District Council on its performance Quarterly.
- 1.2. This report presents the Qualis first Quarter's monitoring report for the Qualis trading year 2020/21 and covers the period from 1 November to 31 January 2021.
- 1.3. Attached to this report as Appendix A is the Qualis Board monitoring report for Quarter 1 as agreed by the Qualis Board on 18 February 2021.
- 1.4. With Housing Maintenance services having transferred to Qualis in Quarter 4 (end of September 2020) of the previous trading year, this quarter represents the first whole quarter of both service delivery activity, commercial investment and regeneration work.
- 1.5. The Covid19 associated delays in delivering elements of the business plan activities last year have now been reflected into the single year Business Plan approved by Council in December 2020. Therefore, this year's targets and delivery milestones should reflect the known obstacles predicted to occur during 2020/21 as a result of ongoing Covid19 impacts.
- 1.6. Performance can therefore fairly be measured against the business plan targets for 2020/21. The Board report highlights performance against these using the recognised Red, Amber, Green reporting system (RAG).
- 1.7. **Noting the objectives flagged as Amber and the explanations provided, Qualis has performed in line with expectations during the first Quarter.**

2. Introduction

- 2.1. The Qualis Shareholder agreement, as agreed by Cabinet on February 2020 includes the following paragraph,

'The Company shall procure that quarterly management accounts and reports (including a balance sheet, profit and loss account and cash flow statement) containing such information as EFDC may reasonably require are provided to EFDC and EFDC's Representative.'

- 2.2. The Cabinet resolution also requires that the Council's S151, as the key conduit between Qualis and the Council, provides a commentary to the Council on the performance of Qualis at each Quarter review.
- 2.3. In compliance with this requirement Qualis has provided the Council with the Quarters' Management Accounts for the Council consideration together with the commentary below from the Council's S151 officer.

3. Commentary on the Trading Performance

- 3.1. The Qualis 1st year of operation was non-typical in that Qualis needed to create a management and staffing structure, secure finance and acquire both assets and services to manage before it could properly trade. Whilst this process remains ongoing Qualis had acquired both commercial property and the Housing maintenance by the end of its first operational year.
- 3.2. Whilst the first year was financially dominated by outgoings, the second year should be a balance of income and expenditure with a small forecast profit targeted within the single year Business Plan presented to Council in December. So, this year's monitoring should be more typical of a trading company, recognising that revenue earnings will still gradually be built up over time.
- 3.3. The Qualis report attached at Appendix A meets the requirements placed upon Qualis within the Shareholder agreement. The Board report presents the Balance Sheets, P&Ls and a Cash Flow explanation. It also RAG rates key quarterly deliverables against the Business Plan.
- 3.4. **Cabinet should note that majority, (24 out of 28), of the deliverables for Quarter 1 are flagged as Green with the exceptions highlighted below.**
- 3.5. **Cash (flagged as Amber)** – Qualis reports as having a Cash balance at the end of the first quarter which is £335,766 (3%) lower than its £11.2 million target. In section 4 this is attributed to delays in securing the final (£10 million) commercial property investment from the balance of the £30 million funding loaned to Qualis in September 2020. Whilst Qualis targeted acquiring an acquisition before this date, it is important that an acquisition is carefully selected for fit, security and return and shouldn't be unduly pressured in order acquiring a property that sits outside of their acquisition strategy in order to meet business plan cash targets.
- 3.6. **Income and Expenditure (flagged as Amber)** – The Board report includes losses in the 1st quarter of £696,837 (analysed in the table in 3.8) compared to a business plan expectation of a loss of £283,486. The reason given being largely associated with accrued expenditure on development sites which Qualis is unable to charge to its Balance Sheet as Work in Progress until planning consent is given. Once Planning consent is awarded, this cost will be removed from the Profit and Loss account. Achievement of Planning consent has taken longer than anticipated. Should Planning consent not be obtained this cost will remain a charge in the Profit and Loss account.
- 3.7. **Roundhills and Pyrles Lane Delivery Plans to Board (flagged as Amber)** – The business cases missed the Board deadline by 18 days. This target was missed by a matter of days and is therefore not considered as a concern.
- 3.8. The table below sets out the actual net income and expenditure against that expected for each of the Qualis companies.

Qualis Company	Expected £	Actual £	Variance £
Group	20,500	20,003	-497
Commercial	10,981	-434,909	-445,890
Management	-132,157	-237,511	-105,354
Living	-182,811	-44,420	138,391
Total	-283,487	-696,837	-413,350

- 3.9. The Balance Sheet position, showing Fixed Assets and accumulated net worth of Qualis, is set out in the table below. Fixed Assets are identified as the Council charges these for security purposes against the loans provided. The Net Worth position reflects the accumulation and carry forward of set-up costs to be offset by future planned profits.

Qualis Company	Fixed Assets £	Actual £
Group	-	36,383
Commercial	-	-1,406,645
Management	78,293	-509,464
Living	20,793,122	-227,337
Total	20,871,415	-2,107,063

- 3.10. Delivery of the £238,039 surplus contained in the single year Business Plan will largely depend upon successfully obtaining planning consent for the Epping regeneration sites. In all other respects the Qualis Business Plan objectives are being met and showing good performance against the individual targets (sections 4 through to 10) on the Qualis Board report), including progress on bringing forward the redevelopment sites in the District.

4. Change of Accounting Date

- 4.1. Qualis advised the Council that they wished to change their reporting date by 1 month, bringing it forward to the 30th September from the 31st October. This is considered a minor change and aligns better with the Council's budget preparation timetable and so has been agreed. As a consequence, the quarterly reporting cycle will also need to change to align to this revised date and so the next quarter's performance will be for only 2 months, covering February and March 2021. This will not affect the performance, only the dates it is reported.

5. Resource Implications

- 5.1. The Epping Forest District Council Medium Term Financial Plan approved in February 2020 includes updated assumptions on the returns and income generated from Qualis.
- 5.2. The assumptions included are as follows;

Loan Purpose	Amount and Term	Interest Payments Per Annum £
Working Capital Loan	£5 million for 5 years	£225,000
Asset Purchase	£30 million 20 years	£1,800,000
EFDC Asset Purchase	£22 million 30 years	£1,605,000
Less EFDC Borrowing Costs		-£1,306,337

Net Receipts		£2,323,663
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5.3. These assumptions were made pre Covid-19 and the information that underpinned these has now changed. For example, interest rates are now lower and the market value of assets to be transferred has reduced on the latest valuation and taken longer to complete.

5.4. Both these factors will reduce the expected gains to Epping Forest District Council and therefore add to the Council's ultimate cost of Covid-19 during 2019/20. Revised assumptions, factoring in the delays resulting from Covid19, have been used in preparing the Councils Medium Term Financial Plan for 2021/22.

6. Legal and Governance Implications

6.1. None contained within this report.

7. Safer, Cleaner and Greener Implications

7.1. None.

8. Consultation Undertaken

8.1. None

Background Papers

Group Company Governance Document – Cabinet 6 February 2020



Qualis Group

Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

Finance and Performance Monitoring Quarterly Report

Year 2, Quarter 1, (1st Nov 2020 – 31st Jan 2021)

- Subject:** Finance and Performance Monitoring
- Author:** Nick Dawe, Group Finance Director (finance)
Paul Hewitt, Group Operations Director (performance)
Sacha Jevans, Group Managing Director (summary)
- Notes:** The Qualis Group Board approved the report on Thursday, 18 February 2021 Qualis board meeting and noted the following.
1. the figures and performance highlighted in this report.
 2. To support the key actions detailed in Section 8 of this report.
 3. Agreed that this report should be passed to Epping Forest District Council in line with the Shareholder Agreement (with any agreed amendments).



Qualis Group

Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

1. Purpose of this report

- 1.1 The Qualis Group Board regularly receives updates on financial and operational issues at its monthly Board Meetings.
- 1.2 In line with the Shareholder Agreement, the Qualis Group Board receives a quarterly Finance and Performance Report that tracks the success of the Group against the (EFDC) agreed Annual Business Plan and Annual Budget.
- 1.3 This formal monitoring will include any Board and subsequently Shareholder approved amendments to the Business Plan and Annual Budget.
- 1.4 The quarterly Qualis Finance and Performance Report will be passed to EFDC to allow scrutiny and to be noted.

2. Monitoring finance and operational performance indicators

2.1 The key performance indicators set out below are those proposed to be used for monitoring purposes in the future. They are top level indicators of the financial health and operation delivery of the Qualis group of companies.

2.2 Major exceptions are reported as are actions to remedy any exception.

2.3 In line with standard practice, the following colour coded performance flags are used:

Colour	Overall Performance	Detailed Measure
	Cyan, exceptional performance	For finance; over twice the expected figure, for operations, over one month ahead of target delivery.
	Green, good performance	For finance; positive performance up to twice the expected figure, for operations, up to one month ahead of target delivery.
	Amber, poor performance but will be remedied next quarter	For finance; negative performance variance of between 5% and 10% of the expected figure, for operations, one and three months behind target delivery.
	Red, poor performance but will be remedied in two further quarters	For finance; negative performance variance of between 5% and 10%



Qualis Group

Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

		of the expected figure, for operations, one and three months behind target delivery.
	Black, poor performance requiring immediate Board level intervention	For finance; negative performance variance in excess of 10% of the expected figure, for operations, over three months behind target delivery.

2.4 Direction of travel indicators

These will be: + better than last quarter, - worse than last quarter, = as last quarter.

3. Key performance indicators

Finance KPI	Measure	Target £	Actual £	
Cash	Cash held by Qualis Group of companies, target versus actual	11,206,878	10,871,112	=
Income and Expenditure	Total income and expenditure position of Qualis Group of companies, target versus actual	- 283,486	- 696,837	=
Balance Sheet	Net balance sheet worth of Qualis Group of companies, target versus actual		- 2,188,063	=



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Operational KPI	Measure	Target	Actual	
Qualis Commercial	Delivery to plan Epping sites	Planning submission for Bakers and Cottis sites	December 2020	=
Qualis Commercial	Delivery to plan Waltham Abby Roundhills site	Business case details due to be received Year 2 Qtr 1	Business case to Board 18 th February 2021	=
Qualis Commercial	Delivery to plan Debden Pyrles Lane site	Business case details due to be received Year 2 Qtr 1	Business case for Pyle's Lane to Board 18 th February 2021	=
Qualis Management	Housing Maintenance improvement in productivity and other measures	Service Level Agreement Key Performance Indicators are near agreement and will appear from Q2 onwards	Early signs of improved productivity	=
Qualis Living	Return on investment asset portfolio.	6% minimum	6.5% (from first two properties)	=



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4. Budget and business plan amendments this quarter

4.1 There have been no agreed amendments to the budget in respect of an increase in the quantum of income and cost. The adjustments have occurred as a result of the planned usage of the Contingency Reserve and are detailed on the following page.

Adjustments Already Made	Line	Action	WTE Impact	£ Impact
Pressure on Media Resource	Media consultancy	Add	0.00	54,800.00
HR Restructure	Vacancy	Alter	0.00	- 16,862.00
	Recruitment costs	Add	0.00	3,720.00
	Web page	Add	0.00	500.00
Net Impact on Contngency Reserve		Reduce	0.00	- 42,158.00
Total Actioned For Quarter 1			0.00	-

The proposed adjustments for Q2 are estimated as follows.



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Adjustments for Quarter 2	Line	Action	WTE Impact	£ Impact
Health and Safety IT		Add		20,000.00
Mainstream IT, Optins and System	Estimate	Add		150,000.00
Benefits Broker	Commission	Add		-
Insurance Broker	Commission	Add		-
Extension of Auditors Term	Firm Quote	Add		9,000.00
Community Interest Company Set-up	Estimate	Add		5,000.00
Community Interest Company Primera	Firm Quote	Add		13,000.00
Community Interest Company Other	Estimate	Add		10,000.00
Net Impact on Consultancy	Estimate	Reduce		- 207,000.00
Total			0.00	-

5. Detailed financial performance, cash

4.1 The actual cash held by Qualis at the end of January was £10,871,112 against a target expectation of £11,206,878. The difference is because though two investment properties had been secured and are earning income, a prudent investment in the third asset has yet to present itself, and approximately £135,000 income has not been received.

4.2 Qualis was set-up based on loans supplied by EFDC as these provided certain and affordable funding to Qualis whilst giving EFDC immediate benefit from the margin made in loans. The loans drawn down in the first year are as follows:

- £6m working capital loan (5-year term, repayments of principal and interest half yearly).
- £30m asset investment loan (10-year term, principal repaid on maturity and interest half-yearly).

4.3 Work is continuing with EFDC regarding the finalisation of the remaining loans totalling £85m to cover asset purchases from EFDC and the subsequent development of these sites.



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5 Detailed financial performance, balance sheets

5.1 Reflecting the leveraged position of Qualis and the fact that income earning assets have yet to be purchased and the Housing Maintenance Service has yet to transfer. Please note that these are the interim balance sheets pending a review of the income and expenditure position and the finalisation of loans.

5.2 It should be noted that the costs of development projects are by convention treated as “work in progress, i.e. an asset.

5.3 All loans pass through Qualis Group and therefore any uncalled balance remains shown at group level even if the destination of the loan is another company on the Qualis group of companies.

5.4 Qualis Group

		Actual £	Actual £
Assets		-	
Current Assets		35,827,675	
Current Liabilities		541,292	
Current Assets Less Current Liabilities			35,286,383
Long Term Assets			
Long Term Liabilities			35,250,000
Total			36,383
Profit and Loss Reserve			16,380
Profit and Loss Account			20,003
			36,383



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5.5 Qualis Commercial

		Actual £	Actual £
Assets		-	
Current Assets		3,130,028	
Current Liabilities		4,536,673	
Current Assets Less Current Liabilities			- 1,406,645
Long Term Assets			
Long Term Liabilities			-
Total			- 1,406,645
Profit and Loss Reserve			- 971,737
Profit and Loss Account			- 434,909
			- 1,406,645

5.6 Qualis Management

		Actual £	Actual £
Assets		78,293	
Current Assets		2,117,675	
Current Liabilities		2,786,432	
Current Assets Less Current Liabilities			- 590,464
Long Term Assets			-
Long Term Liabilities			
Total			- 590,464
Profit and Loss Reserve			- 352,953
Profit and Loss Account			- 237,511
			- 590,464



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5.7 Qualis Living

		Actual £	Actual £
Assets		20,793,122	
Current Assets		- 188,904	
Current Liabilities		20,831,554	
Current Assets Less Current Liabilities			- 227,337
Long Term Assets			
Long Term Liabilities			-
Total			- 227,337
Profit and Loss Reserve			- 182,916
Profit and Loss Account			- 44,420
			- 227,337

6 Detailed financial performance, income and expenditure.

6.1 The income and expenditure summary for the individual companies that form the Qualis Group of companies is summarised below. Note, the figures are cumulative to the end of Quarter 1 2021.

6.2 Qualis Group



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	Target Cumulative YTD £	Cumulative Actual £	Variance £
Income	506,070	406,525	- 99,544
Expenditure	485,570	386,523	- 99,047
Net +Profit / -Loss	20,500	20,003	- 497
Tax Liability		-	-
	20,500	20,003	- 497

Items to note:

- Not all posts have been filled so expenditure is below budget. Recharges are based on current expenditure, so income is equally below target. In overall terms there is a small loss recorded at the end of Quarter 1, but no underlying concerns and issues need to be raised.

6.3 Qualis Commercial

	Target Cumulative YTD £	Cumulative Actual £	Variance £
Income	377,033	-	- 377,033
Expenditure	366,052	319,180	- 46,872
Net +Profit / -Loss	10,981	- 319,180	- 330,161
Loan Interest	-	115,729	115,729
Profit After Loan	10,981	- 434,909	- 445,890



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Items to note:

- Operational costs incurred in delivering projects the costs that cannot be treated as “work in progress” until planning permission is granted. If the planning determination is positive, costs will be transferred to work in progress and be treated as project costs.

6.4 Qualis Management

	Target Cumulative YTD £	Cumulative Actual £	Variance £
Income	1,427,930	1,428,094	165
Expenditure	1,560,086	1,665,605	105,519
Net +Profit / -Loss	- 132,157	- 237,511	- 105,354

Items to note:

- The above includes set-up costs incurred before services were transferred from EFDC to Qualis in late September 2020. The original budget assumed that set-up costs would be incurred by EFDC and recovered over a five year Qualis has accepted these costs. This has allowed EFDC to declare an underspend on the Qualis Management set-up budget.



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6.5 Qualis Living

	Target Cumulative YTD £	Cumulative Actual £	Variance £
Income, (less hand-through)	402,500	376,590	- 25,910
Expenditure	135,311	121,010	- 14,301
Net +Profit / -Loss	267,189	255,580	- 11,609
Loan Interest	450,000	300,000	- 150,000
Profit after Loan	- 182,811	- 44,420	138,391

Items to note:

- Delay in acquiring properties has resulted in operational underspend and no income receipt although it should be noted that two properties were acquired in October with a gross yield in excess of 6%.

7. Operational performance, Qualis Group

Item	Target	Status
A Risk and Audit Committee has been established	By end of set-up year.	Achieved
A Nominations, Remuneration and Governance Committee has been established	By end of set-up year.	Achieved
The permanent Board has been appointed along with a Company Secretary	By end of set-up year.	Achieved
The one-year Group Business Plan (2020/2021) has been approved	By end of set-up year.	Achieved



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Set-up activities in terms of governance and procedures have been drafted and approved (in accordance with the Shareholder agreement).	By end of set-up year.	Achieved
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8. Operational performance, Qualis Commercial.

Item	Target	Status
A planning performance agreement has been signed for the Epping Town Centre sites (incl Bakers Lane, Cottis Lane, St Johns, Hemnall and Conder)	By end of set-up year.	Achieved
An outline business case has been prepared for the Epping Town Centre sites (incl Bakers Lane, Cottis Lane, St Johns, Hemnall and Conder)	By end of set-up year.	Achieved
Planning applications submitted for Bakers and Cottis sites (leisure centre and multi-storey car park)	December 2020	Achieved
Options for the leisure centre operation have been considered by EFDC Cabinet and details are currently being worked on	January 2021	Achieved
Project managers, quantity surveyors and architects (up to Stage 1) have been appointed for the Epping sites. Consideration of these appointments to Stage 2 is being considered at the February Board	By end of set-up year.	Achieved
A preliminary view of the Waltham Abbey Roundhills site has been carried out	February 2020	Pending



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and will be considered by the board in February,		
A preliminary view of the Debden Pyrlle's Lane site has been carried out.	February 2020	Pending

9. Operational performance, Qualis Management

Item	Target	Status
Progress with the TUPE plan for the housing maintenance and repairs staff has been agreed.	By end of set-up year.	Achieved
Systems and processes to support the transfer are being delivered to timescale.	By end of set-up year.	Achieved
A staff consultation plan has been agreed and has commenced.	By end of set-up year.	Achieved

10. Detailed operational performance, Qualis Living

Item	Target	Status
Acquisition of Wickes, Wyke Hill, Maldon complete	November 2020	Achieved
Acquisition of the Birchwood Building, Leatherhead complete	November 2020	Achieved
Investment strategy has been agreed	July 2020	Achieved
Weekly investment meetings taking place	By end of set-up year.	Achieved
Investment and Development Committee established	By end of set-up year.	Achieved



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A strong network with investment agents has been established	By end of set-up year.	Achieved
Opportunity tracking and approval processes have been agreed	By end of set-up year.	Achieved

11. Key Actions for completion in the next quarter

Action	Responsible Manager(s)	Target Date	Resource Implications Over Budget
Qualis Management Complete fine tuning of Housing Maintenance SLA and final confirmation of operational and financial KPIs.	Ben Johnson	March 2021	None
Qualis Living Secure third investment property in Phase 1 of portfolio build	Paul Hewitt	March 2021	Will increase income to budget levels.
Qualis Living Secure further loan of £30m as per approved Business Plan	Nick Dawe	May 2021	None
Qualis Commercial Complete asset purchases from EFDC for Phase 1 properties. Remaining questions currently with EFDC legal.	Paul Hewitt / Chris Ives	March 2021	None
Qualis Commercial	Nick Dawe	March 2021	None



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Finalise remaining loans of £85m with EFDC as per the approved Business Plan.			
Qualis Commercial Confirm impact of EFDC retaining ownership of Bakers, recovering costs spent to date and confirm Development Management role	Paul Hewitt / Nick Dawe	March 2021	None

12. Summary statement from the Group Managing Director

The Qualis Group of companies continue to deliver its objectives and systems for reviewing financial and operational performance are in place. Qualis should achieve all agreed objectives by the end financial year ended 30th September 2021, (note date change to align with normal quarter date)