

Select Committee Agenda



Stronger Council Select Committee Thursday, 3rd March, 2022

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

Council Chamber - Civic Offices
on **Thursday, 3rd March, 2022**
at **7.00 pm**

G Blakemore
Chief Executive

**Democratic Services
Officer**

A Hendry (01992 564243)
Email: democraticservices@eppingforestdc.gov.uk

Members:

Councillors P Bolton (Chairman), T Matthews (Vice-Chairman), R Bassett, P Bhanot, H Brady, R Brookes, J Jogia, H Kane, R Morgan, S Neville and J M Whitehouse

SUBSTITUTE NOMINATION DEADLINE:

6:00 pm

1. WEBCASTING INTRODUCTION

This meeting is to be webcast. Members are reminded of the need to activate their microphones before speaking. The Chairman will read the following announcement:

“The Chairman 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).

If you are seated in the lower public seating area it is likely that the recording cameras will capture your image and this will result in the possibility that your image will become part of the broadcast.

This may infringe your human and data protection rights and if you wish to avoid this you should move to the upper public gallery.”

2. APOLOGIES FOR ABSENCE

To be announced at the meeting.

Please use the Members Portal webpage to report non-attendance at meetings https://eppingforestdc-self.achieveservice.com/service/Member_Contact to ensure your query is properly logged.

Alternatively, you can access the Members portal from the front page of the Council's website, at the bottom under 'Contact Us' <https://www.eppingforestdc.gov.uk/your-council/members-portal/>

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 18 January 2022.

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. LEARNING AND DEVELOPMENT PROGRAMME 2021/22 (Pages 17 - 20)

To consider the attached report on the employee learning and development programme.

8. EMPLOYEE INDUCTION / ONBOARDING & USE OF THE LITMOS LEARNING MANAGEMENT SYSTEM (Pages 21 - 24)

To consider the attached report on the Employee Onboarding Guide and the new digital Learning Management System called Litmos.

9. QUALIS QUARTERLY MONITORING REPORT - Q4 2020/21 AND QUARTERLY MONITORING REPORT - Q1 2021/22 (Pages 25 - 56)

To note and comment on the fourth Quarter's monitoring report for the Qualis trading year 2020/21 and the Quarter 1 position covering 1 October 2021 to 31 December 2021.

This report went to the 7 February 2022 Cabinet meeting and the 24 February Council meeting.

10. DATES OF FUTURE MEETINGS

To note the next meeting date of this Committee will be held on:

14 April 2022.

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**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF STRONGER COUNCIL SELECT COMMITTEE
HELD ON TUESDAY, 18 JANUARY 2022
IN COUNCIL CHAMBER - CIVIC OFFICES
AT 7.00 - 9.25 PM**

Members Present: P Bolton (Chairman), T Matthews (Vice-Chairman), R Bassett, P Bhanot, H Brady, R Brookes, H Kane (Chairman of the Council), J Lea, S Neville (Leader of the Green Party Group) and J M Whitehouse (Leader of the Liberal Democrat Group)

Co-opted Member:

Other members present: N Bedford, L Burrows, S Kane, S Murray, J Philip, D Sunger, C Whitbread and H Whitbread

Apologies for Absence: J Jogia and R Morgan

Officers Present: J Budden (People, Culture & Employee Wellbeing Manager), C Graham (Project Team Manager (Performance)), C Hartgrove (Interim Chief Financial Officer), A Hendry (Democratic Services Officer), L Kirman (Democratic Services Officer), R Moreton (Corporate Communications Officer) and A Small (Strategic Director Corporate and 151 Officer)

34. 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 meetings.

35. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

The Committee noted that Councillor J Lea would substitute for Councillor R Morgan for the duration of this meeting.

36. NOTES OF PREVIOUS MEETING

Resolved:

That the notes of the meeting held 16 November 2021 were agreed as a correct record.

37. DECLARATIONS OF INTEREST

(a) Pursuant to the Council's Code of Member Conduct, Councillor R Bassett declared personal interests on item 7, Corporate Plan Action Plans and item 10, Draft Budget Proposals on the agenda by virtue of being the Chairman of Trustees for Epping Forest Community Transport and a Non-Executive Director of Qualis. The Councillor had determined that his interests were non-pecuniary and he would

remain in the meeting for the consideration of this item but not take part in any discussions concerning Qualis.

38. TERMS OF REFERENCE & WORK PROGRAMME

The Select Committee noted their terms of reference and work programme.

Councillor Murray asked about the current position on the item on Voter ID. He was told that officers would investigate and let him know.

39. CORPORATE PLAN ACTION PLAN (Q3) (KPIS BY EXCEPTION)

C Graham introduced the report on Corporate Performance reviewing progress for quarterly performance measurement delivery against Quarter 3 milestones.

Key Corporate Projects

It was noted that closure reports were being compiled for the various projects that had closed. Councillors could request a copy of any closure report, but they would not be coming automatically to the Committee.

Councillor Bassett asked why CPP009 (Housing & Asset Management Systems) had gone from green to amber and what was the plan to get it back to green, he was told that officers would ask for further information and how it could be brought back to green; this would be put in the minutes.

Councillor Brookes asked about CPP033 (Reprovision of Hostel) which had been completed, and what was the internal governance process. She was told that this was now managed by a specific service area and treated as business as usual.

Councillor H Kane asked about the Waltham Abbey Community & Cultural Hub. She would like to know if the council got external funding and how would it be progressed. She was told that it would not be a programme for next year. Councillor Bassett asked why it had gone straight from red to blue. He was told that was because there was no plan to move it forward at this stage. Councillor Murray expressed concern as he presumed that the Loughton Cultural Hub was also on hold and that the Epping Hub was in the wrong place. Councillor Philip commented that they had this building and repurposed it to have one of its uses as a cultural hub. The council was tight for money this year, so it was a choice between cutting services or setting up the cultural hubs. He also suggested that this item be removed from the report for now.

Councillor Neville asked to see the closure report for CPP037, corporate approach to resident engagement.

Councillors Bassett, Jon Whitehouse and Neville would like to see the closure report for CPP040. Councillor Whitehouse would be especially interested in seeing some of the figures for the project.

CPP024, Travel Local – Councillor Bassett commented that as the Chairman of Trustees for Epping Forest Community Transport he noted that this was a difficult time, but things were changing. Budgets were stretched and finding money was difficult. Councillor Neville asked if Harlow Council were happy to part fund bus route 87. Councillor Bassett said they were still in talks with them. They were also in discussions with Essex CC on the wider aspects of bus services in the area, and were looking to fill gaps.

Councillor H Kane asked if a report (on Travel Local) would be ready to go to the March Cabinet. She was told that officers were working on it.

Councillor Murray asked about CPP093 (Green Infrastructure Strategy) and if the Roding Valley Recreation Ground would become a Suitable Alternative Natural Greenspace (SANG). There had been no consultations with any ward councillor or the Town Council about this who were the local experts; he was unhappy that this had not happened. Councillor Bedford said that he was not aware of anything about the SANG but they were spending money to improve the area and could not think of any reason why this would be designated a SANG.

Councillor H Kane and asked about CPP094 (Interim Air Pollution Mitigation Strategy) it had been adopted, but was there any progress by the portfolio advisory group. She was told that the group was active up until Christmas and was now looking to rebrand for the future as it had not been fully engaged in by its members. They would be looking to see what they could do to improve it and drive it forward to help reduce emissions through the forest.

Councillor Bassett commented on CP095 (Local Enforcement Plan). Members had an interesting briefing which had been useful. He asked if we had any idea when the Local Plan would come back to us. Councillor Bedford said that, hopefully, the Local Plan would come back from the inspector quite soon; at the end of February or early March. It would then go to a third party to check the report. Once she has signed it off, it would come back to the council and we would have three weeks to digest it and then put it to full council to agree it.

Councillor asked about CPP089 (Local Skills & Opportunities – DevelopMe) and if the Committee could agree that this be removed from the report. She was told that it was in their power. It was then agreed by the Committee that this item be removed from the report.

Councillor Bassett asked about CPP100 (Attracting Onboarding & Retaining Talent), which had gone from green to amber. The comments section said that this would be updated verbally at the select committee. He was told that there was a lengthy update, but this could be put into the minutes. It was agreed that this would be acceptable.

Councillor Neville asked about CPP104 (Engagement and Wellbeing). The 'Workbuzz' survey response had been low, what had been done to encourage a higher response rate. He was told that a response would have to be sought by officers.

Councillor Bassett said that he would like to get a closure report on CPP120 (Councillor Portal). Councillor Lea commented that most contact in the future would be digital, but she did not find it any easier and there was no one in the offices to see. A Small noted that this was an ongoing piece of work and they were aware that not everyone could access these services. We helped where we could and helped people to access digital services where possible.

He then asked what was the member involvement and input on CPP124 and CPP125 (Digital Customer Journey / Digital Member Journey). He was told that both projects had now finished, and that officers would send him a copy of the closure reports along with copies for Councillors Brookes and Neville.

Councillor Brady commented on CPP135 (Telephony Solution). She was thankful that she could still contact IT by telephone because she could not do it via her IT if that was down. However, not all the members of the IT team know how all the devices worked so they were reliant on certain officers with the relevant knowledge. A Small noted that we must have the right services for the right people (telephone or digital access) with better access points improving the digital experience to get people to move onto it as a better way to do things. Telephone access would not be removed until no one had a use for it. Councillor Brady remarked that he was saying that telephone connectivity will eventually be taken away but noted that there would never be a time when a 100% of residents were completely digital. Councillor Bolton posed the question, for how long must no one use it before it was taken away. Councillor S Kane commented that for as long as he had been working in IT there had never been a time when the IT always works, so the telephone service would remain.

Quarterly KPI Reporting

Councillor Bassett commented that there had been complaints about the SLA for the street litter pickers. He acknowledged that this was also down to the general public who just littered the streets. There was also a large volume of nitrous oxide canisters on the streets. It was noted that street cleansing was part of the Biffa contract. Other Councillors at the meeting had various experiences with street cleaning in their area from it being very good to being not as good as it could be. Officers said that they would take these comments back to the waste team and raise it with them.

Councillor Jon Whitehouse asked about Customer Services and how the figures given out by the Contact Centre was validated as he thought a lot of wrong information had been given out, such as which council (District or Town Council) was responsible for certain things. And, were the resource issues now over and were they now fully resourced, or were more resources needed. He was told that the resource issues were still not resolved, there was still a staff shortage in that area. They also monitored the first point of resolution, so that when people got an answer, it was the right one. We were also monitoring why people called and if they phoned back if they did not get the right answer. Councillor S Kane noted that the long term solution would be an IT solution. Also, they had some long term vacancies and because of the pandemic sickness problems, in small team, this exaggerated the problems.

Councillor Jon Whitehouse commented that it was advantageous to have first contact resolutions, but they needed the staff. They should look at why they could not recruit staff to the posts. Councillor S Kane noted that they did not have a large turnover, but they were small teams, so a loss of one or two people represented a large percentage loss and loss of knowledge.

Councillor Brady commented that if planning could not help a customer with a query then that person would go to their ward councillors who would then contact a planning officer (by phone); this she had found to be really helpful, with planning officers using their new IT equipment, which proved to be very good.

Councillor Brookes expressed concern that as more people had IT and access to our website, why were the waiting times so long. She was told that that residents came through because they could not find or do what they wanted to online. Officers recognised that waiting times were long and were trying to improve them.

Councillor H Kane noted that the Planning and Development KPI was in the red and we needed to do something about it. She noted that Plans West had not had a

meeting since 2021, why was this. Also, there was a backlog of planning applications, decisions that were made last year still did not have their permissions. Councillor Bedford commented that the Plans West area did not have a lot of major applications, so their applications were usually decided by officers. There was just not a lot of work for them to look at and we could not create any. However, there was a backlog for other parts of the district due to the impact of the SAC and Natural England's intervention. Officers were doing their best to clear this and things were improving.

Councillor Matthews wanted some clarification on what could go to a planning meeting or be decided by officers. It seemed that some contentious applications were decided by officers and noted that the next upcoming Plans West meeting had three 'minor' applications on there. Councillor Bedford could not answer that as he did not know what was on the Plans West agenda. Councillor Philip noted that the rules of delegation were covered in the constitution, as to what officers could do and what went to committee. Councillor H Kane noted that there were some significant applications that went to officers and even if called in they did not go to a committee. Councillor Philip expressed concern that if an application had been called in by a councillor then it should come to a committee. Councillor Bedford said that he was not aware of any applications being called in at present. He was aware that Councillors were being asked to call in applications simply because the applicants thought that the officers would refuse them.

Councillor Bolton commented on the Diversity & Inclusion KPI, noting that people were withholding their information. This would be a trend that would increase as people felt that their privacy was being invaded and may not be reporting the correct information.

Councillor Bassett asked about the KPI for sickness absences. He had asked this before but had not had a reply; he wanted to know if Covid absences went into these figures or were they recorded separately. He was told that they were reported as part of the overall absence figure.

Councillor Bolton noted that absences and sickness were not quite the same, in the NHS Covid absence was not counted as sick leave. Could this be clarified. J Budden clarified that it would be recorded as an absence; not as a sickness absence. Officers off sick with Covid were also recorded separately. Because of this Councillor Bolton noted that the figures given were useful but also confusing.

Councillor Lea brought up the contention that a lot of people with Covid were also working from home while they were isolating as they tested positive. How was this recorded? A Small said that the vast majority of staff had worked from home during Covid, but we need to clarify how these were recorded for the next report. Councillor Bolton said that it would be interesting to split up the people who stopped working and those that carried on. We need clarification.

RESOLVED:

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

40. PEOPLES STRATEGY

The report on the People's Strategy was introduced by J Budden, Service Manager, People, Culture & Wellbeing.

Councillor Jon Whitehouse remarked on the proposals for the restructuring of the legal team and noted that they were increasingly reliant on bringing in lawyers from outside; had we looked at the balance between inhouse expertise and outsourcing for advice. Also, at our last meeting we had discussions about resourcing issues in different areas of the council and filling in with agency staff or consultants. What were the current areas of concern? And what action was being taken to ensure we had permanent staff? A Small replied that the Legal staff were people that the council could permanently occupy all the time. We then brought in specialists when we needed them, which was more cost effective. We needed to strike a balance here and this area was kept under constant review. J Budden added that they now had a lot of data on recruitment and knew where the 'hot spot' areas for recruitment were. They could share this as a report to members if needed.

RESOLVED:

The Committee considered the report as information on the continuing People Strategy for 2022.

41. QUARTER 3 BUDGET MONITORING REPORT 2021/22

C Hartgrove introduced the quarter 3 budget monitoring report for 2021/22. The report set out the 2021/22 General Fund and Housing Revenue Account positions, for both revenue and capital, as at 31st December 2021 ("Quarter 3"). The report updated the Stronger Council Select Committee on how the Council's services had performed against their budgets in the first nine months of the financial year and projected forward to the anticipated outturn for the end of the financial year.

In terms of General Fund revenue expenditure – at the Quarter 3 stage – a budget over spend of £0.396 million, with projected net expenditure of £17.265 million against an overall budget provision of £16.869 million was forecast.

Councillor Bassett thanked the officers for sorting out the budget for the last year and he noted that the Council was in better position than many other authorities; we had not withdrawn any frontline services, but maybe had to cut down on our plans and perhaps delve into our reserves. He was happy with the report but thought it would need close monitoring. Councillor H Kane echoed these sentiments and suggested that when this was over, we could perhaps see how much Covid had cost the council.

Councillor Philip welcomed the thanks on behalf of his officers. It had been a very challenging year and next year would be even more challenging. We needed to replenish our reserves and at the end of quarter 3 we seem to be in a reasonable place.

RESOLVED:

1. The General Fund revenue position at the end of Quarter 3 (31st December 2021) for 2021/22, including actions being or proposed to improve the position, where significant variances have been identified, was noted;
2. The General Fund capital position at the end of Quarter 3 (31st December 2021) for 2021/22 was noted;

3. The Housing Revenue Account revenue position at the end of Quarter 3 (31st December 2021) for 2021/22, including actions proposed to ameliorate the position, where significant variances have been identified, was noted; and
4. The Housing Revenue Account capital position at the end of Quarter 3 (31st December 2021) for 2021/22 was noted.

42. DRAFT BUDGET PROPOSALS FOR 2022/23

C Hartgrove introduced the draft budget report for 2022/23. He noted that the Cabinet had considered an early draft Budget proposal for 2022/23 at its meeting on 6th December 2021. The full report included revenue and capital proposals for both the General Fund and Housing Revenue Account as well as a schedule of suggested Fees and Charges for the forthcoming financial year. An updated Medium-Term Financial Plan (MTFP) covering the financial years 2022/23 through to 2026/27 was also included, which reflected both the impact of the draft Budget proposals as well as the latest available intelligence at the time.

In recognising the important role of scrutiny in developing a robust budget, the Cabinet also requested that the Stronger Council Select Committee considers the draft Budget proposals for 2022/23, as well as the associated documents.

The Cabinet were advised by the Section 151 Officer at their December meeting that – as required by law – that a balanced revenue position (eliminating a previously identified projected deficit of £1.504 million) had provisionally been reached for 2022/23 and that the medium-term financial position was broadly unchanged compared to the position presented on 11th October 2021 (and subsequently to this Committee on 16th November 2021); with a particular challenge still anticipated in 2024/25 and 2025/26 as a consequence of the forthcoming new Waste Management Contract. Some significant uncertainties remained however, especially as the annual Settlement for 2022/23 had yet to be announced by the Government at that stage.

The provisional Local Government Finance Settlement 2022/23 was eventually released on 16th December 2021; the outcome for Epping Forest District Council was generally as expected and provided further assurance as to the underlying financial sustainability of the draft Budget proposals as currently presented.

Councillor Bassett thanked the officers for the report and making it easy for the layman to understand. He asked about the recent high rise in Gas and Electric prices and asked if the figures shown were current. C Hartgrove replied that these were the figures that he was given, but he would cross check them in the coming week. A Small added that inflation was one of the greatest risks facing the Council now. There was doubt about energy prices and now also about wage settlements. We have now got a one year Government settlement for the year ahead. We were expecting a three year settlement to give us some certainty but the government was still intending to implement a 'fairer funding' change to the way it distributed grant settlements and we did not know how that would impact upon us. But, the situation could be worse, and justified having a council tax increase after many years. Now was also the right time to build up the Council's balances. It was a sound budget.

Councillor Neville thanked the officers for their hard work. It had been a difficult financial situation over the last few years. As for the fees and charges, he would like to see the figures associated with them as they had show with the car parking fees. If we could have a breakdown on how much you had expected to raise with these fees, it would give us a better understanding going forward.

Councillor Philip said that car parking had been discussed at Cabinet and it was one of the areas where we had to raise our charges. The draft fees and charges table in the agenda showed where we would have an impact and that they were all interrelated. We had made the report easier to read this year and all credit to the finance department for doing this.

Councillor Jon Whitehouse said that this was a good report and was easy to read. He noted that there were still uncertainties until the budget was finalised. He was pleased to see an increase in the disabled facilities budget in the HRA budget. He noted the £165k set aside for the improvement of the Council Chamber, this was a lot of money, why was it so much. A Small said that this was just a marker for now, we would have to look closely at what needed doing. Councillor Philip added that this was a listed building and so it would be difficult and costly to do. We must make a good investment for the future as you paid for what you got.

RESOLVED:

The Committee considered and commented on the Cabinet's draft Budget proposals for 2022/23.

43. 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 2021/22
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 – 20 July 2021 meeting Q2 Jul, Aug, Sept - 16 Nov 2021 meeting Q3 Oct, Nov, Dec - 18 Jan 2022 meeting Q4 Jan, Feb, Mar – 14 Apr 2022 meeting Live system reporting – by exception. No pre- distributed reports, projection of live data on the night.		20 July 2021 14 Sept. 2021 16 Nov. 2021 18 January 2022 03 March 2022 14 April 2022	James West?
2.	People Strategy	20 July and 16 Nov. 2021 – 18 January 2022 & 14 April 2022 Project reporting, issues focussed.			Paula Maginnis Jo Budden
3.	Digital Enablement	Prioritisation of Council Technology strategy.			Paula Maginnis Maryvonne Hassall
4.	Accommodation	20 July and 16 Nov. 2021 Closure Report Project reporting, issues focussed			Maryvonne Hassall

5.	Financial Planning	Scrutiny of MTFP 21/22 onwards 16 Nov 2021		Andrew Small Christopher Hartgrove
6.	Budget scrutiny	Qtr. 1 Budget Monitoring Rtp. 2021/22 – 14 September 2021; Qtr. 2 Budget Monitoring Rtp. 2021/22 – 16 November 2021; Qtr. 3 Budget Monitoring Rtp. 2021/22 – 3 March 2022 2022/23 budget setting 18 January 2022	Budget Monitoring Reports (Revenue and Capital Outturn for 2020/21)	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 Local Elections 2021	14 September 2021		Gary Woodhall
9.	Quarterly Budget Monitoring Report			Andrew Small/ Chris Hartgrove
10.	Quarterly Qualis Monitoring	14 Sept 2021 03 March 2022		Andrew Small
11.	Report on new election legislation on Voter ID and any financial implications for the Council. when information was available.	TBC		Gary Woodhall
12.	Learning and Development	3 March 2022		Julie Dixon
13	Customer Services (Overall satisfaction)	TBC	To receive a recovery plan on this failing KPI	



SCRUTINY



Report to Stronger Council Select Committee

Date of meeting: 3 March 2022

Portfolio: Corporate Services - Councillor D Sunger

Subject: Learning & Development Programme 2021/22

Officer contact for further information: Julie Dixon (Learning & Talent Business Partner) (01992 564284)

Democratic Services Officer: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

- 1. To note the report and acknowledge the positive impact on employees from the Learning and Development Programmes 2021/22.**

Executive Summary:

The report looks back at the learning and development activity that has taken place over the last 12 months. A Leadership Programme has been developed and implemented, wellbeing initiatives, IT skills and Customer skills have been provided for our employees.

Our apprenticeship programme continues to go from strength-to-strength, the Council has been able to provide development for existing employees using the apprenticeship levy.

Report:

1. During 2021 the approach to employee learning and development has been to ensure employees drive their own learning by having access to the skills and knowledge required to support the Council plan, including transition into hybrid working.
2. These are some of the programmes which have achieved high levels of engagement from our workforce:
 - 2.1 **Skill Pills** – are virtual 60-90 minute sessions open to all employees. We have and are covering topics such as: Resilience, Mindfulness, Wellbeing, Coping with Change, Creative thinking, Diversity & Inclusion, Manager V Leader, Managing Expectations, Making Effective Agreements, How to build relationships when hybrid-working and Work Life Balance. We receive continued good attendance, engagement and employees feed in their ideas for future sessions.
 - 2.2 Our **Leadership Programme** launched in Summer 2021, and all Service Directors, Service Managers and Team Managers have been engaged in learning via activities such as coaching, psychometric assessments, workshops, group work, 360 degree feedback and self managed learning. The programme takes a strengths based approach and covers key subjects which are required for our leaders of the future, and evolved via feedback from our managers. Team Managers can achieve an ILM (Institute of Leadership & Management) approved certificate at level 3. This programme has also offered 7 aspiring Team Managers the opportunity to develop team manager skills; supporting future internal succession and talent mapping.
 - 2.3 Alongside the EFDC Leadership Programme we have a cohort of managers completing the **Solace ILM Level 5 in Management**. This is an Essex wide cohort, where the majority

of delegates are from EFDC. The Apprenticeship Levy is used for this programme, meaning no additional costs for our corporate training budget.

2.4 **HR Business Partner ‘Power Hours’** – these sessions are run both for new employees and new managers. The People Team facilitate regular friendly, informal sessions to look at policies, systems, useful information and signposting for those joining EFDC. The sessions have now also become popular with current employees who use them to keep updated with any changes.

2.5 **MS Teams training sessions** – we realise that many employees have never had to work virtually using MS Teams prior to 2020. Therefore, we have run a series of 60 minute sessions, on how to effectively use the different elements of MS Teams. Microsoft provides these training sessions free as part of the Council’s contract with them.

2.6 In August 2021, Learning & Development (L&D) conducted a survey with our employees checking training requirements. The most in demand skill was **Excel**, in response, we have continued to run various levels of Excel training, with great feedback, particularly from Accountancy who have subsequently been able to change their reporting formats to make these easier for them to work with managers.

2.7 In September another cohort of 12 **Mental Health First Aiders (MHFA)** were trained and accredited, this brings our total employees trained to 80. Mental Health First Aid England recommend a target of 60 for our size organisation. This group now meet bi-annually and at the meeting on 25 November MHFAs were asked to support the mental health over the winter months using the new Winter Wellbeing pack.

All MHFAs will now be trained in Dementia Friends; a 45 minute session on how to support anyone living with dementia. Also all MHFAs will be invited to train as Menopause Mentors; Menopause has been linked to both anxiety and depression, so we feel our MHFAs will be able to provide additional support. Jo Budden (Service Manager, People, Wellbeing and Culture and Internal Communications) is now accredited as a Youth MHFA, which means we can offer additional support to our younger employees and apprentices.

2.8 A **‘Customer’s Shoes’** webinar was developed by the Service Manager of Customer during 2021, with employees shaping the content by giving feedback. Experienced employees present their tips for good customer service. The webinar has been attended by over 120 employees, with excellent feedback, and will now be developed into a video to be used for further training with employees and members.

3. EFDC now employs 28 Apprentices in various occupational areas, from Level 2 (GCSE) to Level 7 (Masters). Our public sector target is to employ 13 apprentices. This year apprentices have been supported with coaching, training courses in technical skills, and webinars to cover CV writing, applications and how to use social media for hidden job markets. This training and coaching support enables EFDC to continue to achieve high retention, qualification and employment rates for our apprentices.

4. What’s next for Employee Learning and Development? To ensure we can build on this success in December 2021 we have launched a new Learning Management System to all employees, called Litmos. There is a separate report on the agenda with further details - ‘Use of the Litmos Learning Management System – Employee Induction/Onboarding’.

Reason for decision: No decision is required by the Committee as the report is to note the range of Learning and Development activity taking place.

Options considered and rejected: N/A

Consultation undertaken: N/A

Resource implications: N/A

Legal and Governance Implications: N/A

Safer, Cleaner, Greener Implications: N/A

Consultation Undertaken: N/A

Background Papers: N/A

Impact Assessments: N/A

Risk Management: N/A

Equality: N/A

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Report to Stronger Council Select Committee

Date of meeting: 3 March 2022

Portfolio: Corporate Services - Councillor D Sunger

Subject: Use of the Litmos Learning Management System – Employee Induction/Onboarding

SCRUTINY



Epping Forest District Council

Officer contact for further information: Julie Dixon (Learning & Talent Business Partner)

Democratic Services Officer: A Hendry (01992 564243)

Recommendations/Decisions Required:

To note the work being done to utilise the new Litmos Learning Management System for employees and members.

Executive Summary

The report provides the Committee with an update on developments to our Onboarding process and purchase of our new Learning & Development (L&D) platform.

At the request of Councillors, the People Team have included information regarding the role of Councillors and 'How the Council Works', collaborating with Democratic Services in our Onboarding process. The Council has recently procured a new L&D platform call Litmos, which was launched just before Christmas 2021. The new platform provides a flexible and cost-effective way of supplementing our L&D programme.

Report:

Onboarding – Member Information

1. In 2020 Councillor Janet Whitehouse met with Joanne Budden (Service Manager, People, Culture and Wellbeing, and Julie Dixon (Learning and Talent Business Partner) to discuss learning for new employees regarding the role of councillors. It was agreed that in the Employee Onboarding Guide, employees would be signposted to the Councillor portal on the Council's website. Also, they are enrolled in essential eLearning based on a presentation (developed by Gary Woodhall, Democratic Services) on 'How the Council Works'. This was actioned in Summer 2020 and subsequently is also on the agenda at all HRBP Power Hour Sessions, (which are 90-minute sessions for all new employees and used as refresher sessions for current employees).

Litmos LMS (Learning Management System)

2. The Council's previous e learning system (iTrain) was replaced in December 2021 with a new system called Litmos.
3. Litmos is a Learning Management System (LMS) which hosts over 1600 eLearning courses, plus face-to-face course management, video content, webinars and all corporate learning records. Litmos includes professionally created courses ranging from compliance, to customer service, to leadership training, health and safety, menopause support and many more. New subjects are placed into the system every month.

4. During 2022 employees will be able to book onto instructor led courses, change their bookings, and build up their own external learning and Continuing Professional Development (CPD) records, plus register on waiting lists so that training needs can be identified more easily. Training for external partners will also be managed more efficiently through the System.
5. Officers will develop learning pathways where employees will have essential learning pushed to them for example, Onboarding, Health & Safety, Customer Service, Leadership & Management, the pathways will help with compliance training, career development, and core competency skills.
6. Litmos enables any subject matter expert (SME) to develop further information and learning sessions to be input into the Onboarding Learning Pathway (i.e. a series of learning activities, such as e learning, video or policy documents grouped together). Taking the example in paragraph 1, a video could be hosted on Litmos where an officer or a Councillor explains what their role is to a new starter.
7. Although face to face learning sessions have been and remain beneficial, in a post-Covid world many new starters live further afield (e.g. Liverpool, Bournemouth, Manchester) and are not able to attend the Civic Offices regularly and access to virtually onboarding materials is essential. Also, a video, eLearning or recorded presentation can be used whenever a new employee starts, at no additional cost to the Council. This is a proactive method which is efficient and reduces costs.
8. Assess & Learn functionality that sits on the platform will enable all employees to complete their compliance training (e.g. Health & Safety, Safeguarding, GDPR, Cyber Security) much faster as it assesses what you already know and potentially reduces the length of the eLearning required. The system uses dashboards to clearly show employees which courses they have completed, which are due or overdue. Ensuring compliance training is completed more effectively.
9. Litmos has the functionality to allow us to develop our own modules if/when we need to get key messages and training to our employees. Anything unique to us can be tailored and developed on Litmos.
10. Team Managers will be trained to use their team dashboards and escalations to oversee what learning has been completed by their employees and what may need chasing. They will also be able to push key learning to their employees based on individual and team development needs.
11. Litmos has the potential to have an area for member learning. This could consist of mandatory training and personal development. This area could host video recordings, face to face or virtual training that not all members can make on the actual date. This would help members with their busy schedules. Member Services can be trained to develop the system and upload relevant learning to members.
12. It is proposed to implement a digital mentoring platform. This platform will give the opportunity for new employees to be mentored by an employee or Councillor who volunteers for this role. For those volunteers, 'How to Be a Great Mentor' training will be provided.
13. Litmos has several benefits for employees and the Council, including improved access to learning and development for all employees, time savings for compliance training and training administrative processes will significantly reduce. Early engagement information tell us Litmos has been well received, is forward thinking, more productive, and time efficient. Over 130 employees attended Lunch and Learns to find out more about the new system.

Reason for decision: To ensure new employees understand the role of a councillor, the constitution and how the Council works. To provide a modern and flexible Learning Management System which delivers learning opportunities to suit our new ways of working. The new System could support member learning, development, and training.

Options considered and rejected: We continue to promote agile working for our employees, therefore having face-to-face workshops or courses is not always an option. New employees are invited to a virtual lunch with the Chief Executive and other new starters as part of the onboarding process. Managers also arrange familiarisation sessions on the Civic Offices for new starters.

Consultation undertaken: N/A

Resource implications: N/A

Legal and Governance Implications: N/A

Safer, Cleaner, Greener Implications: As the onboarding process is virtual our new employees do not have to travel to the Civic Offices for face-to-face workshops.

Consultation Undertaken: N/A

Background Papers: N/A

Impact Assessments:

Risk Management:

The onboarding/induction process ensures new employees are aware of the Council's expectations and performance standards in their roles.

Equality:

Equal access to learning for all new starters, Litmos can be used for all new starters including those who are visually impaired. Litmos courses are available in numerous different languages.

Easier access to learning for all

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Report to the Cabinet

Report reference: C-040-2021/22
Date of meeting: 7th February 2022



Portfolio: Finance, Qualis Client and Economic Development – Cllr J. Philip

Subject: Qualis Quarterly Monitoring Report – Q4 2020/21 and
Quarterly Monitoring Report – Q1 2021/22

Responsible Officer: Andrew Small (07548 145665).

Democratic Services: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

Discuss this report and agree any actions required before its consideration by Council.

1. Executive Summary

- 1.1. The Governance framework for Qualis, as agreed by Cabinet in February 2020, included the requirement that Qualis should report to Epping Forest District Council on its performance Quarterly.
- 1.2. This report presents the fourth Quarter's monitoring report for the Qualis trading year 2020/21 and covers the period from 1 October 2020 to 30 September 2021. The Quarter 1 position covering 1 October 2021 to 31 December 2021 is also provided as part of this reporting.
- 1.3. Attached as Appendix A is the Qualis Board monitoring report for Quarter 4. This will be presented to the Qualis Board at the end of January and thus is theoretically able to be changed. If the Board does require any changes, these will be verbally update to this meeting. **[Note:** The Audit of the Qualis accounts identified a small number of changes which are report in Section 4 of this report. The net effect being to increase the reported loss by £83,655 in the Audited Statements. Because the Board Report was produced before the completion of the Audit it does not reflect these corrections].
- 1.4. The report has taken longer to produce than the normal production timeframe as it is dependent on the Audit of Qualis Accounts by their Auditor.
- 1.5. As the Quarter 4 report has taken longer to produce the initial Quarter 1 report is now also available and so this is presented as Appendix B to this report to provide the latest position.
- 1.6. Because of the fall of meeting dates this report will be considered by Cabinet before Stronger Council Select Committee. If Stronger Council has any comments these will be relayed directly to the Portfolio Holder.

- 1.7. Performance is measured in the attached reports against the business plan targets for 2020/21 and 2021/22. The Board report highlights performance against these using the recognised Red, Amber, Green reporting system (RAG).
- 1.8. Although Qualis is reporting a loss in the second year of trading this is essentially a timing issue associated with the granting of Planning permission for the development of the Epping sites. This was granted shortly after the year end (September 2021) and enables costs associated with achieving Planning permission to be removed from the Profit and Loss account Reserve in the Quarter 1 report for 2021/22
- 1.9. **Noting the point raised in paragraph 1.8 above, once the impact of achieving Planning permission is allowed for, the underlying trading position is a small net profit for Year 2 (Quarter 4), broadly in keeping with the Business Plan assumptions. Whilst Quarter 1 of Year 3 also shows a loss, this is similarly associated with achieving Planning consent for Roundhills and once allowed the position would also show a small net profit broadly in line with the target.**

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 consideration. Qualis has also supplied the full set of Audited Accounts for each of the Qualis Group companies including the Auditors comments. No significant issues are identified but the Auditors have made some minor recommendations. It is understood that the Accounts will be signed by the Auditors with an unqualified opinion once agreed by the Qualis Board.

3. Commentary on the Trading Performance for Quarter 4, 2020/21 (Qualis Year 2)

- 3.1. The Qualis first year was financially dominated by outgoings associated with its creation and set-up. The second year, however, shows a balance of income and expenditure with a small forecast profit target within the single year Business Plan presented to Council in December 2020. It is recognised that as a developing company revenue earnings will gradually be built up over time.
- 3.2. The Qualis Board 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. The Section 151 has been provided with the full detailed accounts and Auditor’s statement; these are summarised in this report but not reproduced.

- 3.3. **Cabinet should note that majority of the deliverables for Year 2 Quarter 4 for are flagged as Green with the exceptions highlighted below.**
- 3.4. **Income and Expenditure (Reduced to Amber)** – The Board report includes cumulative losses up to the end of the 4th quarter of £2,099,972 (analysed in paragraph 3.8 below) compared to a business plan expectation of a profit of £366,381. This is deterioration on the last quarter where the in-year losses stood at £1,106,614. However, the reason given is consistent with previous reports and is accepted. The reason for the accumulated loss is 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 took longer than originally anticipated but has now been achieved. Granting of Planning permission fell marginally beyond the Qualis year end and so the costs remain as a charge in the Profit and Loss Account at the year end. Granting of Planning Permission will be reflected in the Year 3 Quarter 1 report for Qualis, thereby reducing the carried forward losses on their Balance Sheet. Achievement of Planning permission is a major milestone and represents the removal of a significant risk in delivering the Qualis Business Plan targets. The delayed acquisition of the third commercial property also contributes to the combined loss and this is discussed further below. These two issues mask the continued improvement in Qualis Management revenues associated with the Housing Maintenance contract. **Note: This position has improved marginally following Audit as a capital loan repayment was identified as being misclassified as an interest payment in the draft accounts, the restatement of which improves the revenue position by £99,263.**
- 3.5. **Qualis Commercial (Flagged as Amber)** – due to it being unable to take the costs of achieving Planning permission to the Balance Sheet at the year end, as discussed in the previous point. It had been anticipated the Planning would be achieved prior to the year end and the forecast reflected this.
- 3.6. **Qualis Living (Flagged as Amber)** - The acquisition of the third asset was completed in Quarter 4, but the delay is finding and acquiring the right asset has impacted on the cash earned during the year. The forecast had assumed that all investment purchases would be secured by December 2020 and the under achievement reflects the delays in completing all acquisitions. **Note: Recorded income reduced following the Audit process – see section 4.**
- 3.7. The Board report (Appendix A, section 7.5) provides a useful analysis of how the £30 million provided to Qualis for commercial acquisitions has been utilised.
- 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 £	Last Report £
Group	41,866	56,339	14,472	41,002
Commercial	29,105	-1,877,001	-1,906,105	-1,127,364
Management	45,042	182,311	137,269	307,362
Living	250,268	-461,621	-711,889	-327,614
Total	366,281	-2,099,972	-2,466,253	-1,106,614

Note: Following Audit the Commercial loss has reduced to £1,777,738 and Living has increased to £644,539, increasing the total group loss to £2,183,627

- 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 individually identified for members' information 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 £	Net Worth (Q4) £	Last Report £
Group	66,359	72,719	57,382
Commercial	-	-2,848,737	-2,099,101
Management	64,481	-170,642	-45,528
Living	30,271,382	-470,912	-510,530
Total	30,402,222	-3,417,572	-2,597,777

Note: Following Audit the Balance Sheet Position for Commercial has improved marginally to £2,748,737, reducing the total group negative equity to £3,317,572.

- 3.10. Delivery of the surplus contained in the single year Business Plan largely depended upon successfully obtaining planning consent for the Epping regeneration sites within the year. In practice this happened shortly after the year end, thereby distorting the reported position. In all other respects the Qualis Business Plan objectives are being met and showing good performance against the individual targets set out in the Qualis Board report including progress on bringing forward the redevelopment sites in the District.

4. Qualis Audit of Accounts and Opinion

- 4.1. Qualis provided a full set of accounts and the audit opinion for each of the Qualis group of companies.
- 4.2. Corrections were made to the accounts for two Qualis companies as a result of the Audit process which alter the position reported in the Quarter 4 Board report. These were;
- In Qualis Commercial - £100,000 of capital loan repayment were misreported as interest. The net effect of correcting this was to reduce the reported loss by £100,000;
 - In Qualis Living – the largest of which being income paid in advance from a commercial tenant had not been split correctly between 2020/21 and 2021/22, reducing recorded income and increasing the loss. Combined changes as a result of audit increased the reported loss by £183,000 from the numbers contained in the Board report for Qualis Living.
- 4.3. With the adjustments made the Auditor is satisfied with the accounts and intends to issue an unqualified opinion once the Qualis Board has approved these. No significant issues have been identified but the Auditor has made a small number of recommendations which Qualis has agreed to implement.
- 4.4. The recommendation made by the Auditors are that there should be more comprehensive documentation of the accounting system, its controls and the lines of responsibility for the system, and that Qualis retains a more comprehensive record of their professional advisors. Qualis has already put an action plan in place to address the issues identified.

5. Quarter 1 2021/22 (Qualis Year 3)

5.1. Qualis have also provided the first Quarter's monitoring report for their reporting year 2021/22 covering the period up to the 31st December 2021. At the time of writing this report has yet to be considered by the Qualis Board and as such it is provisional and may alter following Board consideration.

5.2. Qualis have also changed the report format to closer align to their management reporting and thereby making it easier to produce and understand. The report identifies that further development of the reporting format is underway, including a revised presentation of the Balance Sheet information and this will be presented in the Quarter 2 Board report.

5.3. The Profit and Loss position at the end of Quarter 1 is summarised in the table below;

Qualis Company	Expected £	Actual £	Variance £	Last Report £
Group	-35,925	45,689	81,614	0
Commercial	0	-457,432	-457,432	0
Management	-37,007	-9,748	27,259	0
Living	124,150	37,550	-86,599	0
Total	51,218	-383,941	-435,158	0

5.4. As referred to in the Quarter 4 outturn position reported in 3.4 above, Planning consent for the Epping sites was not given until after the 30th September 2021, (Qualis year-end). This was the primary reason for the reported overspend at year end as £1.7 million of cost incurred during 2020/21 in getting planning consent could not be treated as added value until consent was awarded. With consent being achieved in Quarter 1, this cost has been removed and taken to the Balance Sheet as Work in Progress. This has the effect of reducing the deficit balance on the Profit and Loss Reserve. In total £1.3 million has been removed but £450,000, related to Roundhills in Waltham Abbey, has been brought forward into 2021/22 as Planning consent for this site is being progressed separately. Similarly to the Epping Sites, this cost will be carried on the Profit and Loss account until Planning consent is gained.

5.5. There are two Key Financial performance indicator issues identified within the report, the first is the loss against the targeted profit for the first Quarter which is explained in the previous paragraph by the Planning position on Roundhills. The second is associated with the drawdown of the next tranche of Qualis loans. This was not completed prior to the end of December 2021 as had been targeted. It is now expected that this will be completed around the date of Cabinet's meeting, thereby resolving this issue.

6. Resource Implications

6.1. The Epping Forest District Council Budget and Medium-Term Financial Plans partly rely on interest paid by Qualis for the loans the Council has given. Delays in obtaining Planning consent, issues around title and delays in completing the loan agreements will mean that actual payments to the Council are lower than expected in 2021/22 and this is reported in the Epping Forest District Council Budgetary monitoring reports. The proposed budget for 2022/23 takes account of these factors.

6.2. Actual lending to Qualis at the year-end is follows;

Loan Purpose	Facility £ Millions	Term Years	Interest Rate %	Advanced at Quarter 4 £ Millions	Advanced at Quarter 1 £ Millions
Working Capital Loan	6.0	5	4.10	6.0	6.0
Asset Purchase	30.0	10	4.00	30.0	30.0
Construction Loan	68.0	30	6.00	6.0	6.0
EFDC Asset Purchase	16.8	30	4.94	0	16.8
Regeneration Loan	35.0	TBC	TBC	0	0
Net Receipts	155.8			42.0	60.8

6.3. At the Qualis year-end the amount loaned to it by the Council was £42 million against a Council commitment at that point of £120.8 million. This commitment was subsequently increased by the Council for a further £35 million to support regeneration activity within the district area.

6.4. It was initially expected that the Asset Purchase loan would complete by 1st April 2021, but in practice completed fractionally after the Qualis year end, due to delays associated with the legal documentation and title. These delays will reduce the lending margin earned by the Council in 2021/22, but it is expected that some of this will be recouped through earlier advances of the construction loan than the budget assumed.

7. Legal and Governance Implications

7.1. None contained within this report.

8. Safer, Cleaner and Greener Implications

8.1. None.

9. Consultation Undertaken

9.1. None

Background Papers

Group Company Governance Document – Cabinet 6 February 2020



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

Finance and Performance Monitoring Quarterly Report

Year 2, Quarter 4, (1st April 2020 – 30th September 2021)

Subject: Finance and Performance Monitoring

Author: Nick Dawe, Finance Director (finance)
Sacha Jevans, Managing Director (summary)

Decisions Required: To approve the report and note the actions.

1. To note the figures and performance highlighted in this report that are to plan or will be on plan by the end of the financial year.
2. To note that final adjustments may be required for the year-end accounts.
3. To agree that this report should be passed to Epping Forest District Council in line with the shareholder agreement (with any agreed amendments).



Qualis Group

Incorporating, 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 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 shareholder (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 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.



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

	Red, poor performance but will be remedied in two further quarters	For finance; negative performance variance of between 5% and 10% 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.

3. Key performance indicators finance

Finance KPI	Measure	Target £	Actual £	
Cash	Cash held by Qualis Group of companies, target versus actual	2,500,000	2,972,249	=
Income and Expenditure	Total income and expenditure position of Qualis Group of companies, target versus actual	- 310,257	- 2,099,972	=
Income and Expenditure Adjusted for Planning Not Secured until October 2021	Total income and expenditure position of Qualis Group of companies, target versus actual	- 310,257	117,156	=
Balance Sheet	Net balance sheet worth of Qualis Group of companies, target versus actual		- 3,417,572	=

The overall financial position remains satisfactory.



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

The year-end cash position is slightly ahead of target and a further £600,000 is due from EFDC in terms of preliminary works on Bakers Street Leisure Centre.

The income and expenditure position reflects that at the actual year-end planning permission was yet to be secured on the Epping development sites, although this was secured at the end of October. Once this is taken into account, Qualis's year-end performance is better than the original target set.

In respect of the balance sheet, the figure do not reflect any revaluation of assets due to planning permission having been gained as this happened the month after the Qualis financial year-end.

There are no material issues, and therefore, taking one year with another, Qualis is considered a "Going Concern".

It should be noted that operational performance indicators are now the subject of a separate detailed report.

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 this quarter requiring approval by the Qualis Board.

4.2 It should be noted however, that in agreement with EFDC, Qualis operated an eleven-month year so as to synchronise its financial yearend with the half-year of the Authority. This will assist in building the EFDC Budget and help with understanding of the financial benefits that Qualis can offer EFDC in the form of loan margins, dividends and service discounts, and Qualis's request for loans



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

5. Detailed financial performance, cash

5.1 The actual cash held by Qualis at the end of September was £2,972,249 against a target expectation of £2,500,000. The difference is both positive and small and reflects operational creditor and debtor management issues.

5.2 It should be noted that Qualis received a loan of £6m working capital on inception to be repaid over five years, 3 years of repayment remaining. The positive cash balances are what is expected at this time allowing for the building up of trading activity and income from investment assets.

5.3 Qualis is however expecting further loans to be drawn down from EFDC at the end of Q1 or the beginning of Q2, these are as follows:

- Draw of £6m from the already approved development loan to cover the costs of the next stages of work on the Epping Development Projects.
- Draw down of £10m from the already approved regeneration loan to cover the cost of potential asset acquisitions.

6 Detailed financial performance, balance sheets

6.1 Reflecting the leveraged position of Qualis and the fact that all the initial income earning assets have just been purchased, that the balance sheets overall show a negative position.

6.2 It should be noted that the main reason that there is a negative balance sheet position reported is due the fact that prudently, that the costs of development projects are carried in the income and expenditure account until planning permission is obtained, at which time they are transferred to the balance sheet and are classified as “work in progress”.

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



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

6.4 Qualis Group

		Actual £	Actual £
Assets		66,359	
Current Assets		41,387,565	
Current Liabilities		731,205	
Current Assets Less Current Liabilities			40,656,360
Long Term Assets			
Long Term Liabilities			40,650,000
Total			72,719
Profit and Loss Reserve			16,380
Profit and Loss Account			56,339
			72,719

6.5 Qualis Commercial

		Actual £	Actual £
Assets		-	
Current Assets		4,526,298	
Current Liabilities		- 2,848,737	
Current Assets Less Current Liabilities			- 2,848,737
Long Term Assets			
Long Term Liabilities			-
Total			- 2,848,737
Profit and Loss Reserve			- 971,737
Profit and Loss Account			- 1,877,001
			- 2,848,737



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

6.6 Qualis Management

		Actual £	Actual £
Assets		64,481	
Current Assets		1,933,777	
Current Liabilities		2,168,900	
Current Assets Less Current Liabilities			- 170,642
Long Term Assets			-
Long Term Liabilities			
Total			- 170,642
Profit and Loss Reserve			- 352,953
Profit and Loss Account			182,311
			- 170,642

6.7 Qualis Living

		Actual £	Actual £
Assets		30,271,382	
Current Assets		352,186	
Current Liabilities		31,094,480	
Current Assets Less Current Liabilities			- 470,912
Long Term Assets			
Long Term Liabilities			-
Total			- 470,912
Profit and Loss Reserve			- 182,916
Profit and Loss Account			- 287,996
			- 470,912



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

There are no specific issues to raise in respect of the balance sheets except to emphasize the impact of the “work in progress” issue, and that planning permission was gained after the Qualis financial year-end.

7 Detailed financial performance, income and expenditure.

7.1 The income and expenditure summary for the individual companies that form the Qualis Group of companies is summarised below. Noting that the figures are cumulative to the end of September 2021 (an eleven-month financial year).

7.2 Qualis Group

	Target Cumulative YTD £	Cumulative Actual £	Variance £
Income	1,349,519	1,738,179	388,660
Expenditure	1,307,653	1,681,840	374,187
Net +Profit / -Loss	41,866	56,339	14,472
Tax Liability		-	-
	41,866	56,339	14,472

There are no issues to raise and at year-end the income and expenditure position has delivered marginally in excess of target.



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

7.3 Qualis Commercial

	Target Cumulative YTD £	Cumulative Actual £	Variance £
Income	999,267	-	- 999,267
Expenditure	970,162	1,377,372	407,209
Net +Profit / -Loss	29,105	- 1,377,372	- 1,406,476
Loan Interest	-	499,629	499,629
Profit After Loan	29,105	- 1,877,001	- 1,906,105

Operational costs incurred in delivering projects the costs that cannot be treated as “work in progress” until planning is gained. At this point, and if the planning submission is successful these costs will be transferred to work in progress and be treated as project costs. The position is unchanged as planning determination is not expected now until October 2021, (previously July). This is therefore a technical variance of budget rather than signalling a concern, material delay or an adverse implication in future quarters.

7.4 Qualis Management

	Target Cumulative YTD £	Cumulative Actual £	Variance £
Income	2,648,892	6,561,095	3,912,203
Expenditure	2,603,850	6,378,784	3,774,934
Net +Profit / -Loss	45,042	182,311	137,269

The service continues to operate at a profit in excess of target. This position has declined in quarter 4 but this reflects an agreed return of around £200,000 to EFDC in terms of overhead charges and other costs.



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

A further extension of services is planned as per the original business case and this will take place over the following financial year.

7.5 Qualis Living

	Target Cumulative YTD £	Cumulative Actual £	Variance £
Income, (less hand-through)	1,481,667	1,339,140	- 142,527
Expenditure	381,399	600,761	219,362
Net +Profit / -Loss	1,100,268	738,379	- 361,889
Loan Interest	850,000	1,200,000	350,000
Profit after Loan	250,268	- 461,621	- 711,889

Understandable delay in selecting a third asset has meant that a loss is recorded this quarter, however as the third asset has now been purchased performance should improve significantly over the following financial year, (as the original budget was based on securing all investment asset purchases by the end of December 2020).

For information the cash impact of purchasing the first three investment assets is tabled overleaf showing all costs and fees including tax and stamp duty payments.



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

Property		Leatherhead	
Supplier Name		Detail of Work	Sum of Debit
☒ Aquilla	Insurance		5,778.94
☒ Colliers International	Valuation Report		7,500.00
☒ Jones Hargreaves	Site Inspection & Survey		11,190.00
☒ Montagu Evans	Reporting		116,195.00
☒ Pinsent Masons	Asset Payment		12,957,656.50
	Professional Fees		40,720.32
	SDLT		672,880.00
	Land Registry Fee		455.00
	Title Insurance Premium		22,400.00
Grand Total			13,834,775.76
Property		Maldon	
Supplier Name		Detail of Work	Sum of Debit
☒ Aquilla	Insurance		4,502.03
☒ Asset Payment	Asset Payment		1,252.05
☒ Jones Hargreaves	Site Inspection & Survey		3,580.00
☒ Knight Frank	Valuation Report		5,500.00
☒ Montagu Evans	Reporting		59,000.00
☒ Pinsent Masons	Insurance		703.18
	Land Registry Fees		455.00
	Professional Fees		14,826.40
	SDLT		284,500.00
	Land Registry Fee		455.00
☒ Addleshaw Goddard	Asset Payment		5,874,427.12
Grand Total			6,249,200.78
Property		Coventry	
Supplier Name		Detail of Work	Sum of Debit
☒ Charles Russell Speechlys LLP	Asset Payment		9,000,000.00
	Land Registry Fees		455.00
	Professional Fees		22,005.06
	SDLT		439,500.00
☒ BNP	Professional Fees		8,150.00
Grand Total			9,470,110.06
Overall Cash Flow Impact			29,554,086.60



Qualis Group

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8. Key financial actions for completion in the next two quarters.

Action	Responsible Manager(s)	Target Date	Resource Implications of Actions Themselves
Qualis Management			
Review operational and financial performance after one-year of operation.	BJ	March 2022	None
Review financial sense of transferring Grounds and Gardens Service to Qualis	BJ	March2022	TBC
Qualis Commercial			
Complete asset purchases from EFDC for Phase 1 properties.	SR	Concluded in October 2021	None
Secure planning permission for Epping sites	SR	Concluded in October 2021	None
Final review of Epping project costs	SR/ND	January 2022	Minimal
Qualis Living			
Finalise remaining loan of £63m with EFDC as per the approved Business Plan.	ND/SR	January 2022	Minimal
Finalise draw down of £10m of £35m regeneration loan	ND/SR	January 2022	Minimal
EFDC investment asset transfer examining combined benefits and pipeline of development projects	PH/SR	March 2022	£100,000 budgeted



Qualis Group

Incorporating, Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

9. Summary statement

The Qualis group of companies continue to deliver its objectives and systems for reviewing financial and operational performance are in place. Qualis, allowing for the recent securing of planning permission, progresses as expected.

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Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

Finance and Performance Monitoring Quarterly Report

Year 3, Quarter 1, (1st October 2021 – 31st December 2021)

Subject: Finance and Performance Monitoring

Author: Nick Dawe, Group Finance Director

Decisions Required: To approve the report and note the actions.

- 1. To note the figures and performance highlighted in this report.**
- 2. To support the key actions set out through Section 5 of this report.**
- 3. To agree that this report should be passed to Epping Forest District Council in line with the Shareholder Agreement**



Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

1. Purpose of this report

- 1.1 The Qualis Group Board receives monthly financial reports direct by email
- 1.2 In line with the Shareholder Agreement, the 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 at alternating six-weekly meetings.
- 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 Finance and Performance Report will be passed to EFDC to allow scrutiny and to be noted.
- 1.5 The format of the report has been altered to match the monthly reports distributed to the Board and operational performance and key performance indicators are the subject of a separate report.
- 1.6 Comments shown in red are internal comments to the Qualis Board and will be excluded from the version of the report sent to EFDC.

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. 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.



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	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% 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 are shown as arrows, either up for improved performance or down for deteriorating performance. An equal sign indicates no change in the reported trend.

3. Key financial performance indicators

Indicator	Target £	Actual £	Variance £	Performance
Cash in Bank	6,000,000	3,266,782	- 2,733,218	▼
Income and Expenditure	51,218	- 383,941	- 435,158	▼
Balance Sheet	Reported from Q2	Reported from Q2	Reported from Q2	Not applicable

3.1 The top-level indicators are shown above including performance and trend flags.

3.2 The cash position is below the target of £6 million, which is based on the initial working capital position. This variation is principally due to delays drawing £6m from the construction loan facility, and £10m from the regeneration loan facility.



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3.3 The income and expenditure position is £0.4 million off target, this is due to treating Roundhills development expenditure as expenditure until planning permission is gained.

4. Budget and business plan amendments this quarter

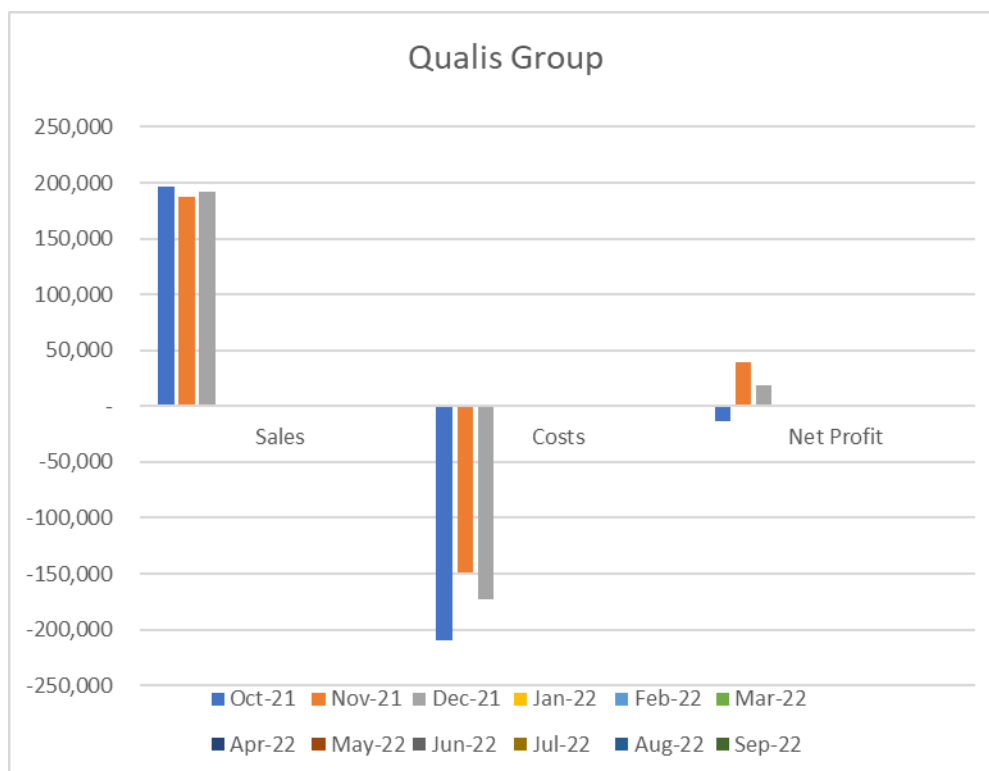
4.1 There have been no agreed amendments to the 2021/22 Budget in respect of an increase in the quantum of income and cost or to reflect a redistribution between spending budgets.

4.2 The Budget will be subject to a mid-year review at the end of March 2022.

5 Company financial performance, income, and expenditure.

5.1 The income and expenditure summary for the individual companies that form the Qualis Group of companies is summarised on the following pages.

5.2 Qualis Group





Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

Qualis Group

Month	Sales	Costs	Net Profit
Oct-21	196,406	- 209,304	12,898
Nov-21	187,716	- 148,318	39,398
Dec-21	192,040	- 172,851	19,189
Jan-22	-	-	-
Feb-22	-	-	-
Mar-22	-	-	-
Apr-22	-	-	-
May-22	-	-	-
Jun-22	-	-	-
Jul-22	-	-	-
Aug-22	-	-	-
Sep-22	-	-	-
		TOTAL	45,689
		TARGET	- 35,925
		VARIANCE	81,614

Items to note:

- Not all posts have been filled so expenditure is below budget. Recharges are based on current budget which in respect of the Qualis share of the consultancy and legal costs for the EFDC asset investment review, for the has not been used.

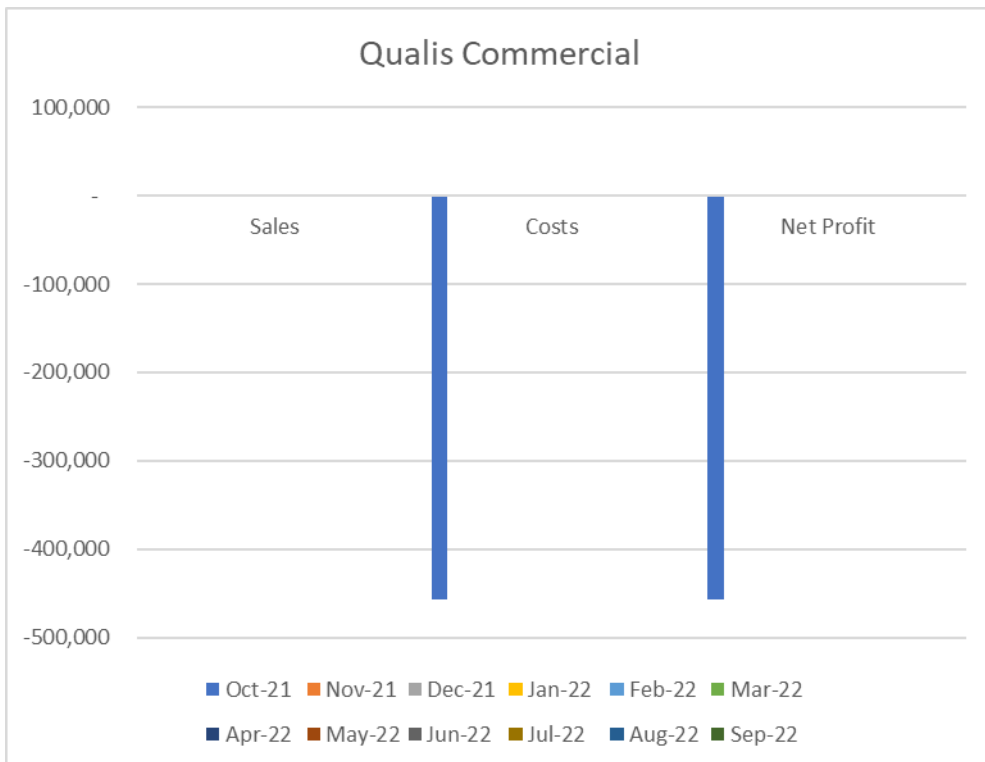
Actions

- None



Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

5.3 Qualis Commercial





Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

Qualis Commercial

Month	Sales	Costs	Net Profit
Oct-21	160	457,592	457,432
Nov-21	61	61	0
Dec-21	61	61	0
Jan-22	-	-	-
Feb-22	-	-	-
Mar-22	-	-	-
Apr-22	-	-	-
May-22	-	-	-
Jun-22	-	-	-
Jul-22	-	-	-
Aug-22	-	-	-
Sep-22	-	-	-
			-
		TOTAL	457,432
		TARGET	-
		VARIANCE	457,432

Items to note:

- In the balance sheet £3.8m has been transferred to work in progress reducing the loss previously shown on the profit and loss account by a similar amount. This represents the spending incurred by Qualis since October 2019 to date on the Epping Sites. This should be cared to the £1.8m loss that booked as a loss in 2020/21 before planning permission was gained.
- Roundhills expenditure had been taken to WIP as planning permission was originally expected before the end of December. The expenditure has been moved back to income and expenditure until planning permission is gained indicatively by the 31st March 2022.

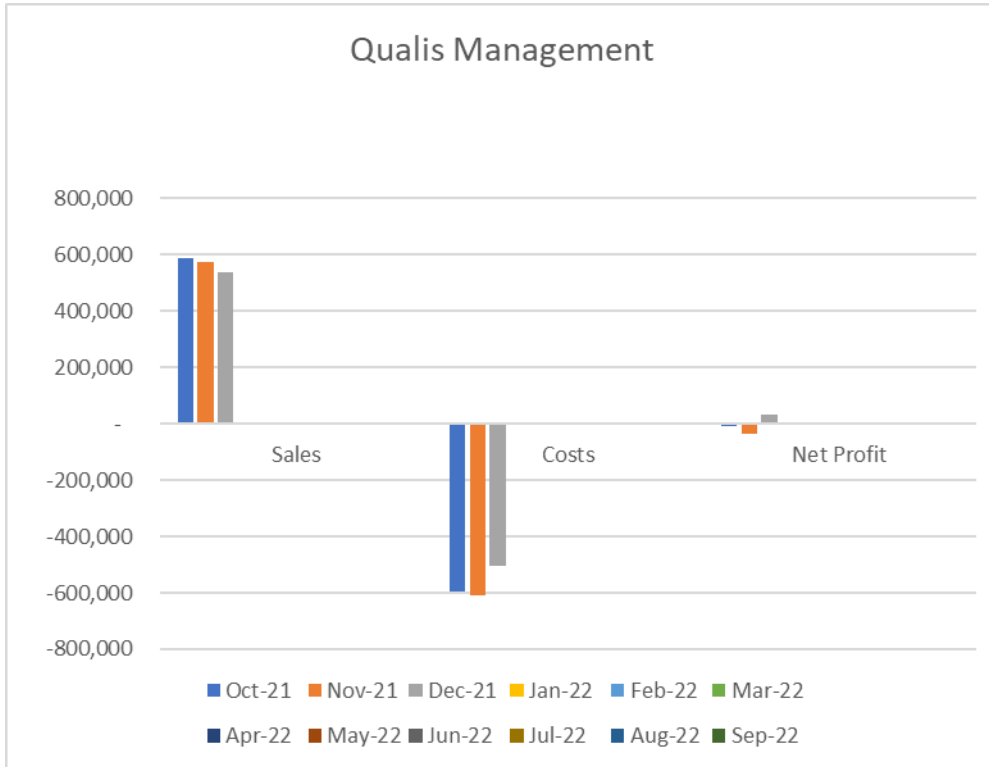
Actions

- The quantum and phasing of all business cases is due to be reviewed in January. No major change is expected other than the setting of the short-term interest rate at 6% and the long-term interest rate at 3%, in accordance with the amended loan facility agreement.



Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

5.4 Qualis Management





Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

Qualis Management

Month	Sales	Costs	Net Profit
Oct-21	588,438	- 595,370	6,931
Nov-21	576,311	- 609,829	33,518
Dec-21	536,003	- 505,302	30,701
Jan-22	-	-	-
Feb-22	-	-	-
Mar-22	-	-	-
Apr-22	-	-	-
May-22	-	-	-
Jun-22	-	-	-
Jul-22	-	-	-
Aug-22	-	-	-
Sep-22	-	-	-
		TOTAL	- 9,748
		TARGET	- 37,007
		VARIANCE	27,259

Items to note:

- The reduction agreed in SLA income with EFDC.
- 2.5% income inflation funding impact has yet to be agreed with EFDC until the Shareholder has set its own budget.
- Out of hours policy has been reviewed and expenditure has decreased.
- Voids specification and associated costs have reduced and have been more profitable in this period.
- Salaries, a slight increase as new starters have been employed ready for new work-streams.
- Additional materials costs have been noted.
- Agreed changes to the SLA has reduced income, which has been factored into 2021/22 budget.

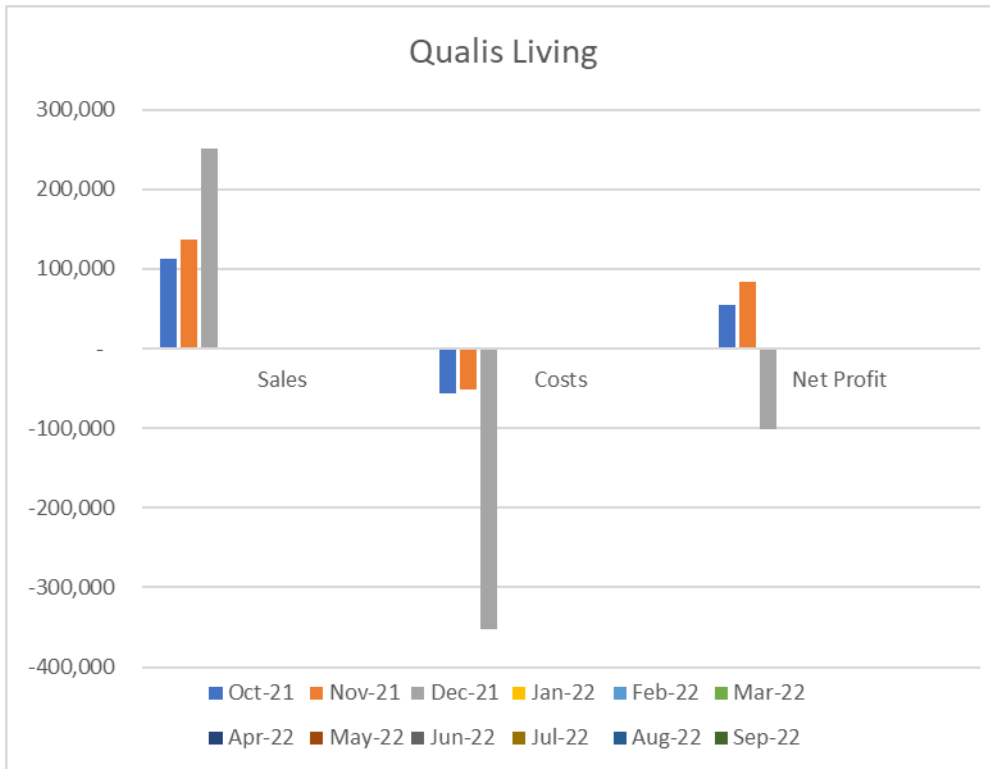
Actions

- Inflation costs and charges to be agreed with EFDC before 31st March 2022.
- A review of material costs to understand the increase will be completed by 31st January.



Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

5.5 Qualis Living





Qualis Group, Qualis Living, Qualis Management, Qualis Commercial

Qualis Living

Month	Sales	Costs	Net Profit
Oct-21	111,839	- 56,939	54,900
Nov-21	136,101	- 52,295	83,806
Dec-21	250,708	- 351,863	101,156
Jan-22	-	-	-
Feb-22	-	-	-
Mar-22	-	-	-
Apr-22	-	-	-
May-22	-	-	-
Jun-22	-	-	-
Jul-22	-	-	-
Aug-22	-	-	-
Sep-22	-	-	-
		TOTAL	37,550
		TARGET	124,150
		VARIANCE	- 86,599

Items to note:

- The impact of the periodic payment of loan interest is evident this month. This impact will be smoothed in subsequent reports.

Actions

- Rephasing of interest to be actioned for next quarter's report.

6. Summary going concern statement

The underlying trend of the performance of all Qualis companies is considered satisfactory and therefore all Qualis companies should be considered, "going concerns".

Nick Dawe
25^h January 2022

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