

EPPING FOREST DISTRICT LOCAL COUNCILS' LIAISON COMMITTEE MINUTES

Date: Thursday, 28 January 2021 **Time:** 7.00 - 8.09 pm

Place: Virtual Meeting on Zoom

Members Present:

Representing Epping Forest District Council:

Councillors H Kane (Chairman), C C Pond (Vice-Chairman), R Bassett, J Lea, R Morgan, M Sartin and J H Whitehouse

Other Councillors:

Councillor S Heap

Representing Essex County Council:

County Councillors R Gadsby, V Metcalfe, C C Pond and Whitbread

CIlr C C Pond (in attendance as Local Council)

Representing Local Councils:

B Rumsey (Epping Town Council), B Scruton (Epping Town Council), M Squire (Loughton Town Council), D Wixley (Loughton Town Council), S Jackman (North Weald Bassett Parish Council), E Burn (Theydon Bois Parish Council), T Blanks (North Weald Bassett Parish Council) and C C Pond (Loughton Town Council)

Apologies:

Epping Forest District Council –

Councillors B Rolfe and J Share-Bernia

Essex County Council –

Councillors M McEwen and Mohindra

Parish/Town Councils: -

A Belgrave (Chigwell Parish Council), S De Luca (North Weald Bassett Parish Council), N Wilkinson (Roydon Parish Council), A Jones (Stanford Rivers Parish Council), J Law (Waltham Abbey Town Council), Bhanot, K Carter (Nazeing Parish Council), S Duffy (Epping Upland Parish Council), L Ellis (Nazeing Parish Council), Joslin, R Northwood (Sheering Parish Council), S Patel (Buckhurst Hill Parish Council), L Petyt (Buckhurst Hill Parish Council) and Councillor Ms N Wilkinson (Roydon Parish Council)

Officers Present:

N Richardson (Service Director (Planning Services)), V Messenger (Democratic Services Officer) and R Perrin (Democratic and Electoral Services Officer)

By Invitation: Qualis Group Managing Director, Sasha Jevans,
Qualis Group Operations Managing Director, Paul Hewitt
Interim Managing Director Qualis Commercial, Chris Ives
Managing Director Qualis Management, Ben Johnson
Qualis Finance Director, Nick Dawe
Communications & Residents Consultation - Anne-Marie Brown
Independent Non-Executive Qualis Board Member, Farooq
Mohammed and Council Member on the Qualis Board, Councillor
Howard Kauffman.

11. WEBCASTING INTRODUCTION

The Democratic and Electoral Services Officer 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.

12. MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting of the Committee held on 7 September 2020 be taken as read and signed by the Chairman as a correct record.

13. QUALIS - PRESENTATION

The Qualis Group Managing Director, S Jevans introduced herself and the Qualis team that were in attendance as follows;

Group Operations Managing Director, Paul Hewitt
Interim Managing Director Qualis Commercial, Chris Ives
Managing Director Qualis Management, Ben Johnson
Finance Director, Nick Dawe
Communications & Residents Consultation - Anne-Marie Brown
Independent Non-Executive Board Member, Farooq Mohammed
Council Member on the Board, Councillor Richard Bassett; and
Council Member on the Board, Councillor Howard Kauffman.

Mr Mohammed gave a short introduction into his role and experience with Local Authority Trading Company's (LATC) such as Qualis. He advised that the Localism Act 2011 had allowed Local Authorities (LA) to create companies that were free to operate commercially but remained wholly owned and controlled by the relevant authority. This was particularly relevant now as LA's were coming under pressure because of austerity measures and to do more with less, as well as a desire not to outsource services. Furthermore, LATC's were allowed to generate profits and as EFDC was a 100% shareholder, these profits would be invested back into the Council.

Ms Jevans advised that Qualis had been set up in February 2020 and the team had been working hard to establish the governance framework and recruitment of key positions on the permanent Board and leadership team.

The purpose of Qualis was to;

- Bring forward the development of key sites, to deliver new homes and amenities within the District;
- To act commercially and deliver sustainable returns to the Council;

- Deliver long term value across all activities and positively impact the community, environment and economy; and
- To create a corporate culture that empowered and energised people.

Qualis consisted of Qualis Group the parent company and four subsidiaries.

- Qualis Living – the investment arm, which would retain long term investments;
- Qualis Commercial – the development arm which would involve planning and building projects;
- Qualis Management – the delivery of services, i.e. housing repairs service; and
- Qualis Community – the delivery of community benefits and interests i.e. Job creation and public realm spaces.

Ms Jevans advised that the governance and funding were determined through the Shareholders Agreement, which was the contract between the Council and Qualis. This agreement provided the mechanism in which the Council oversaw the activities of Qualis and provided the parameters within which the activities could be undertaken, who would be responsible and how the information was reported back to the Council. It was noted that quarterly monitoring reports were submitted to both the Cabinet and Council meetings and the Council's 151 Officer, Andrew Small represented and oversaw the activities of Qualis on the Council's behalf. Qualis also had to produce a Business Plan, which allowed it the autonomy to carry out the activities.

Furthermore, Qualis was funded by loans from the Council which were used for investment and development opportunities and in time would be returned to the Council in the form of a margin on the loan or as a dividend.

Mr Hewitt gave an overview of each of the subsidiaries as follows;

Qualis Management

- This was the facilities management subsidiary;
- The repairs service for over 6,000 had transferred in September 2020;
- An increased productivity and efficiency had been recorded;
- It had excellent customer satisfaction scores;
- The commercial focus was to increase profitability and deliver savings and benefits to the Shareholder; and
- There had been significant investment in technology.

It was proposed that;

- The Council would be considering whether future additional services could be transferred into Qualis;
- Sustainability initiatives would be progressed; and
- That the development of management and FM services would be offered within the Group and to third parties.

Qualis Commercial Ltd

- This was the development management company;
- It was committed to delivering (subject to planning) key schemes within the District;
- A planning applications for a multi-storey car park and leisure centre in Epping had been submitted December 2020;
- Applications for three residential sites in Epping would be submitted shortly; and
- It pledged to build high quality, sustainable, thoughtful and policy compliant schemes.

It was proposed that;

- Business cases for two additional residential projects within the District were to be submitted;
- It would work with the Shareholder to identify and agree a development pipeline; and
- It would offer development management services to third parties.

Qualis Living

- This was the property investment company;
- There was a low-risk investment strategy with enhanced due diligence and strict approval processes;
- The objective was to buy strong assets with long-term, secure income;
- To create a diverse portfolio by asset class and location
- An initial £30m loan had been agreed in 2020;
- The first two acquisitions had been completed and provided a net income of over £600k pa.

It was proposed that;

- The balance of initial loan would be spent by May 2021;
- Some completed developments would be held and managed for income and security;
- Alternative sources of finance were identified; and
- An asset and property management services would be developed and offered to third parties.

Qualis Community

- This was the Community Interest Company;
- It had a clear social purpose with all profits to be directly reinvested into the community;
- An independent steering groups would be established with strong community representation;
- It would provide an opportunity to support people, infrastructure and services;
- It would be fully supported by Qualis Group and its subsidiaries; and
- A new partnership had been recently formed between Qualis and Primera which would launch in 3 months.

It was proposed that the initial set up would include;

- The legal framework, budgets and scoping;
- Stakeholder interviews and workshops;
- Creation of a strategy and business plan;
- Invitations to make applications; and
- Agreement of projects.

The Committee were then invited to ask questions.

Councillor S Jackman asked the following questions;

- (a) why services previously managed by the Council had been transferred to Qualis;
- (b) why were Qualis' meetings not held in public;

- (c) when did the Leader of Council get consulted on Qualis' future proposals; and
- (d) concerns over the Board salaries.

Ms Jevans advised that the Council's contract for the Housing Repairs and Maintenance with Mears had come to an end in 2020 and a procurement exercise would have been required. It was therefore decided that the Council would take the opportunity to transfer the services into Qualis Management. She advised that officers from Qualis would be happy to attend future meetings and tenant forums to ensure communication and transparency.

The Committee were advised that the governance advice received in relation to the Leader's involvement with Qualis was that, it was appropriate to keep a separation between the Council's Leader and Qualis. The Shareholder's Agreement set out the matters that the Directors of Qualis could not undertake without the express consent of the Council.

Ms Jevans advised that the Board Members Salaries had been bench marked and this went along with the advice given from external consultants.

Councillor C C Pond asked if Mr Hewitt could be more explicit on the additional development sites; and that there was a need for a simplified explanation of what Qualis was for residents.

Ms Jevans advised that they were working on their publicity and communications with residents and had a website where a variety of information could be found. Mr Hewitt advised that Qualis would be working with EFDC to identify sites and as soon as decision had been made by the Cabinet and Qualis Board, this information would be shared.

Councillor J H Whitehouse asked whether members could still raise tenants issues and concerns directly with Qualis in regard to housing repairs.

Ms Jevans advised that yes, members could raise issues directly with Qualis and performance monitoring reports would continue to be submitted to the relevant scrutiny select committees. Mr Johnson advised that any housing repairs issues should be raised through hello@qualismanagement.co.uk which would also be publicised in the Members Bulletin.

Councillor S Heap asked whether Qualis could provide any good examples of LATC's returning dividends and who decided what dividends were returned to the Council.

Ms Jevans advised that they would come back to members with examples of LATC's. Mr Dawe advised that the Council received quarterly performance and financial reports and Qualis' end of year accounts were publicly available at Company House. In relation to proposed dividends, these would be included in each business case and presented to the Council for agreement. There were also benefits on the loan margins that the Council would receive before the dividends were earned.

Beverley Rumsey enquired when the Town and Parish Council would be involved with Qualis Community. Mr Hewitt advised that the company was still in its initial phase of set up with a three month programme agreed with Primera. Once the governance and framework had been developed consultations with Town and Parish Councils would begin.

Councillor D Wixley asked the following questions;

- would the Council have to guarantee any third parties' loans that Qualis took out;

- what would happen to Qualis if local government authorities were reorganised into unitary authorities;
- Could Qualis supply some outstanding and unsuccessful examples of LATC's; and
- Were trade unions still representing staff who had been TUPE over to Qualis Management.

Mr Dawe advised the Committee that Qualis Group and its subsidiaries were limited companies and therefore the Council would not have any ongoing liabilities. He stated that the Council had built in a high degree of securitisation of its loans to Qualis in the loan agreement documents. Mr A Small commented that in the event of a local authority reorganisation, the body that was created would become the shareholder of Qualis. Ms Jevans advised that when staff were TUPE over, they had received full engagement with the Unions and Staff through the consultation period. In regards to the examples of LATC's, Ms Jevans would provide the information in writing at a later date.

Councillor J Lea asked why the new fleet of vehicles recently purchased for Qualis were diesel and not electric. Mr Johnson advised that both the infrastructure around the District and larger sized vehicles required were not in place at this time. Although Qualis Management were trialling two hybrid vehicles, whilst they waited for the infrastructure and technology to catch up. The Board would keep this under review.

Councillor T Blanks asked whether it had been an operational decision by Qualis to purchase 24 diesel vehicles. Ms Jevans advised that how the fleet were purchased and managed was an operational decision by Qualis.

Mark Squires commented that consideration should be given to EFDC dedicating a webpage to Qualis, to explain who, what and how Qualis affected residents. Ms Jevans advised that there was a link on the EFDC website, although she noted the comments.

14. ANY OTHER BUSINESS

There was no other business.

15. DATES OF FUTURE MEETINGS

It was noted that the next meeting of the Committee would be held virtually at 19.00 on 15 March 2021.

CHAIRMAN