

Report to the Overview and Scrutiny Committee



Date of meeting: 28 January 2020

Subject: Group Company Structure

Responsible Officer: Sacha Jevans (01992 564229)

Democratic Services: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

(1) That the current progress with the Group Company Set up to be noted.

Report:

1. Work on the Group Company set up is progressing well, and this report sets out the activity that has been undertaken by the Steering Group and Cabinet since the last report in November as follows:

- (i) Approach to Epping Development sites;
- (ii) Approval of the Qualis Management 6-year business plan;
- (iii) Approval of the Hoarding design for St Johns site;
- (iv) Governance Documents – Qualis Group;

Approach to Epping Development Sites

2. The report to January Cabinet presented the proposed approach to the development of the council land in Epping and one site in Waltham Abbey through the new Council owned companies. One of these companies (Qualis Commercial) will be able to undertake development projects directly for the council. This approach will provide the Council with additional capital value and a long-term revenue income source. The report sets out the outline business case for each of the sites to be transferred.

3. The set-up work has identified that it would be beneficial for the Council to consider Epping Town sites as a package rather than individually. This will enable greater flexibility in terms of achieving commercially viable schemes that will:

- promote the sustainable development in the town and surroundings
- maximise the financial and business benefits
- ability to aggregate the sites together to address car parking requirements and public realm areas.

4. The St. Johns site remains a priority and it is expected that the full business cases for the sites set out in this report will be brought forward for approval by the Cabinet in March 2020. The Roundhills site will provide a residential development in Waltham Abbey and will also be

brought forward as an early scheme for Qualis Commercial. The full Cabinet report is attached as a background paper.

Approval of Qualis Management Business Plan

5. Work has been completed on the business plan for the new services company Qualis Management. The document attached sets out a six-year plan for Qualis Management setting out the strategy, implementation requirements, performance management and the phasing or additional work required to create a successful Management Company.

6. The initial service to be delivered through the Management Company will be the existing repairs and maintenance service for the Council's housing stock. The company will be structured to enable additional services to be included if appropriate/beneficial in the future. The existing repairs contract with Mears will come to an end in September 2020 following a final six-month extension and therefore it is timely that the repairs service moves into the new company first.

7. The plan shows a progressive approach to taking on new workstreams over the five-year period. This will ensure that the company can maximise efficiency, increase growth opportunities and turnover.

8. A detailed implementation plan has been produced to be undertaken over a six-month period to ensure the effective set up of the company to coincide with the exit of the Mears contract.

9. The implementation will cover the following core areas:

- Procurement of materials supplier;
- Procurement of sub-contractors;
- TUPE of EFDC staff;
- Policies and Procedures;
- Health and Safety processes;
- Van procurement; and
- Procurement and implementation of a new ICT system.

10. The business plan sets out the framework for overseeing the performance management of the new company. There will be a set of key industry compliant performance indicators that will measure key areas to ensure the company is meeting customer expectations and operating commercially.

11. The Qualis Group Board will oversee and monitor the performance of the company and ensure appropriate governance is in place.

Approval of Hoarding Design for St John's Site

12. The design of the hoarding has been approved and reflects the Qualis logo and design that has previously been presented to Overview and Scrutiny. A holding webpage design for QualisGroup.com has also been agreed. It is expected that planning permission for the hoarding will be approved in the next few weeks.

Governance Documents

13. In order to ensure that there is effective governance of the Council Group Companies there is a requirement to put in place several key documents to provide the framework for control of decision making, levels of authority and powers of delegation. The Shareholder

agreement sets out the matters that the Directors of the relevant company cannot undertake without the express consent of EFDC specified body. This report covers; the draft Shareholder Agreement including the 'reserved matters' schedule, the guidance on Directors' Roles/Responsibilities, and the Terms of Reference for Board meetings.

14. It is proposed that the composition of the Board be made up of a combination of EFDC Officer Appointees, Council Members and Independent Non-Executives. The paper sets out the selection and recruitment process of the Group Board and the Qualis Managing Director.

15. Members are invited to a workshop to be held on 3 February 2020 at 6.30pm in Committee Room 1 to hear a presentation from legal advisors Penningtons on the governance documents for the Group Companies.

Resource Implications:

The work associated with Qualis is within the approved working capital loan and is set out in the 2020/21 budget and medium term financial strategy.

Legal and Governance Implications:

Any professional consultancy services will be procured in line with the Council procurement rules. The Civic Offices site has a draft allocation of housing within the Local Plan to be bought forward in the early years. There is a Governance Board in place and regular reports of progress back to Cabinet and Overview and Scrutiny.

Safer, Cleaner and Greener Implications:

The refurbished building and will be safer by design and energy efficient.

Consultation Undertaken:

Full consultation will be undertaken on each site through the planning application process.

Background Papers:

St John's Road Redevelopment Cabinet report January 2020.

Risk Management:

The risk map is reviewed by the Group Company Steering Group and is monitored by the Council Corporate Risk Management Group.