

EPPING FOREST DISTRICT COUNCIL CABINET MINUTES

Committee: Cabinet **Date:** 15 December 2014

Place: Council Chamber, Civic Offices, High Street, Epping **Time:** 7.00 - 8.45 pm

Members Present: C Whitbread (Chairman), Ms S Stavrou (Vice-Chairman), R Bassett, Mrs A Grigg, D Stallan, G Waller, Ms H Kane, A Lion and J Philip

Other Councillors: K Adams, K Angold-Stephens, J Knapman, A Mitchell MBE, C C Pond, Mrs C P Pond, J M Whitehouse and D Wixley

Apologies: Councillor W Breare-Hall

Officers Present: D Macnab (Deputy Chief Executive and Director of Neighbourhoods), C O'Boyle (Director of Governance), R Palmer (Director of Resources), A Hall (Director of Communities), K Durrani (Assistant Director (Technical Services)), C Pasterfield (Assistant Director (Asset Management and Economic Development)), S G Hill (Assistant Director (Governance & Performance Management)), S Tautz (Democratic Services Manager), T Carne (Public Relations and Marketing Officer) and P Tredgett (Information Assistant)

Also in attendance M. Young, R. Walker (North Essex Parking Partnership), Ms. C. Jeffries (Leighton Paisner LLP)

105. WEBCASTING INTRODUCTION

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

106. DECLARATIONS OF INTEREST

No declarations of interest were made pursuant to the Council's Code of Member Conduct.

107. PUBLIC QUESTIONS

It was reported that no questions had been submitted by members of the public for response by the Cabinet.

108. OVERVIEW AND SCRUTINY

The Vice-Chairman of the Overview and Scrutiny Committee, Councillor K. Angold-Stephens, reported that there were no matters to report to the Cabinet arising from the Council's overview and scrutiny function. The Cabinet did not identify any matters that it wished the Overview and Scrutiny Committee to consider as part of its current work programme.

109. FINANCE & PERFORMANCE MANAGEMENT CABINET COMMITTEE - 13 NOVEMBER 2014

The Finance Portfolio Holder, Councillor S. Stavrou, presented the minutes of the meeting of the Finance and Performance Management Cabinet Committee held on 13 November 2014.

Councillor Stavrou reported that the recommendations of the Committee in respect of the Council's fees and charges for 2015/16, had been endorsed by the Finance and Performance Management Scrutiny Panel. The Cabinet was advised that the Council's external auditors had recently issued a positive annual audit letter and an unqualified value for money opinion for 2013/14, and that further opportunities for the achievement of the savings target for 2015/16 were being sought.

The Portfolio Holder also reported that current performance against the Council's key performance indicators was generally encouraging and reminded members that a treasury management training session was due to be held for councillors in January 2015.

Decision**Fees and Charges**

- (1) That the use of the September Retail Price Index level (2.3%) as a guide for any proposed increases of the Council's fees and charges for 2015/16 be agreed;
- (2) That the proposed fees and charges for 2015/16, as set out in the Appendices attached to the report, be approved; and
- (3) That the proposed schedule of Housing Revenue Account fees and charges for 2015/16 be approved.

Savings Suggestions

- (1) That the savings target for 2015/16 be increased from £0.5million to £0.75million; and
- (2) That the following saving suggestions be progressed;
 - (a) That the funding of Community Safety Work in relation to the Housing Service from the HRA, resulting in potential savings to the General Fund of pursued;
 - (b) That the Review of Councillors would not be pursued until the Local Plan had been completed and the Constitutional and Member Services Panel considered the option of all out elections;
 - (c) That the Forester Magazine cease publication with the effect from April 2015 with a potential saving of £44,000 in 2015/16 and information to be disseminated to residences with other correspondence such as Council Tax Bills;
 - (d) That the Review of Discretionary Business Rate Relief would not be pursued;
 - (e) That the Increase in Fees and Charges for £12,000 in 2015/16 be pursued;
 - (f) That the Improving Cost Recovery and Charging Parish Councils would be pursued;

- (g) That a New Hangar at North Weald would be pursued;
- (h) That the Flexible working and Accommodation Review should be pursued with a potential saving of £100,000 in 2016/17;
- (i) That the Leisure Management Contract with potential savings of £250,000 in 2016/17 and beyond be pursued;
- (j) That the reduction in Facilities Management with potential savings of £50,000 in 2015/16 be pursued;
- (k) That the car parking income include pursuing weekend parking charges, commuter rates for parking over 2 hours, charging for the Civic Offices car park over 30 minutes and that an income target of £100,000 should be set; and
- (l) That subject to further investigation by officers into the practicalities, the VAEF subsidies of £16,680 be reduced and the £7,550 for Homestart not be re-allocated from the Grant Aid Budget.

Savings Suggestions (Continued) (Private Session)

- (1) That Case 1 be discontinued in it's current form and that the Director of Communities reports to the Cabinet Committee during 2015, on ways that the budget for this service could be better utilised, benefiting more service recipients;
- (2) That Case 2 be pursued and create a potential saving of £22,000 in 2016/17;
- (3) That Case 3 be pursued and create a potential saving of £29,000 in 2015/16;
- (4) That Case 4 not be pursued and officers secure additional income of £15,000;
- (5) That Case 5 was not pursued and officers were to pursue Essex County Council Highways Panel for funding; and
- (6) That Case 6 be pursued and create a potential saving of £30,000 in 2016/17.

110. COUNCIL HOUSEBUILDING CABINET COMMITTEE - 18 NOVEMBER 2014

The Housing Portfolio Holder, Councillor D. Stallan, presented the minutes from the meeting of the Council Housebuilding Cabinet Committee held on 18 November 2014. Members noted that there were no recommendations arising from the meeting of the Committee that required decision by the Cabinet.

111. PROVISION OF NEW DEPOT - OAKWOOD HILL, LOUGHTON

The Asset Management and Economic Development Portfolio Holder, Councillor A. Grigg, presented a report in connection with the relocation of services from the Council's existing depot at Langston Road, Loughton, to support the development of the proposed Epping Forest Shopping Park.

The Cabinet was advised that outline planning approval for a new depot facility at Oakwood Hill had been granted on 13 August 2014, and that Stace LLP had been working with the Council and its consultants to satisfy planning conditions including environmental, geotechnical, topographical, arboricultural, landscaping, highways, flood risk and design matters. The design of the new depot had been undertaken in detail with the services involved, to ensure adequate provision of accommodation, equipment and facilities, some of which were to be relocated from the existing premises at Langston Road. The new depot would also provide facilities for a glasshouse and the storage of nursery bought plants, which would allow the Grounds

Maintenance Service to have these services based at one site and also release the Council's nursery site at Pyrles Lane, Loughton for potential redevelopment.

Members received a detailed project programme for the new depot and noted that, in order to align with the programme for the development Epping Forest Shopping Park, construction work would commence in April 2015, for completion by 29 January 2016. The Asset Management and Economic Development Portfolio Holder reported that it was likely that, in accordance with the Council's standing orders, the construction contract for the depot would be tendered to experienced building contractors on a design and build basis, who would take on the construction of the project and detailed design matters.

Decision

- (1) That the construction of a new depot at Oakwood Hill, Loughton in accordance with construction estimate of £2,521,000 provided by Stace LLP and in accordance with attached drawings, be agreed;
- (2) That Stace LLP be appointed as Project Managers (Employer's Agent) and Quantity Surveyors for the scheme at confirm fees of £75,000; and
- (3) That budgetary provision be made for mechanical/electrical and structural engineer services, estimated at £62,500.

Reasons for Decision

To secure the vacation of the Council's depot facility at Langston Road, Loughton, in order to facilitate the development of a valuable shopping park and to provide new depot accommodation for relocated services.

Other Options Considered and Rejected

The Council could decide not to relocate relevant services away from the Langston Road Depot, but this would delay the development of the proposed Epping Forest Shopping Park.

112. NORTH ESSEX PARKING PARTNERSHIP (NEPP) - OUTSOURCING OF CASH COLLECTION

The Safer, Greener and Transport Portfolio Holder, Councillor G. Waller, presented a report in connection with the outsourcing of cash collection arrangements for the Council's off-street car parks and across other district members of the North Essex Parking Partnership (NEPP). The Portfolio Holder was supported by Matthew Young and Richard Walker of NEPP.

Members were reminded that NEPP was responsible for enforcement operations (Penalty Charge Notices), dealing with appeals, cash collection, maintenance of pay and display machines, and the introduction and maintenance of parking restrictions. On and off-street service provision had recently been reviewed by NEPP, to identify efficiencies and streamline services, including the outsourcing of cash collection arrangements for car parks. The Cabinet was advised that the benefit of an outsourced arrangement would be a reduction in the cost of the cash collection service and more efficient maintenance of pay and display equipment, as well as allowing peaks in workload to be addressed, such as the clearing of any backlog of signing and lining during times of dry weather. The Portfolio Holder reported that, had the cash collection service not been outsourced, NEPP would have had to make

significant investment in infrastructure and hardware to make its cash collection operations safe and compliant with regulations and health and safety practices, including the avoidance of lone working situations.

The Safer, Greener and Transport Portfolio Holder reported that, following a competitive exercise, the cash collection service across the partnership area had been awarded to G4S Limited and that, as a result of the review, a number of NEPP officers were to be made redundant, either voluntary or compulsory. The total cost of redundancy and pension strain payment for all officers who had taken voluntary redundancy or had been made compulsory redundant was £164,219, representing a one-off cost to be paid in the first year. The Safer, Portfolio Holder advised the Cabinet that, although the new contract would result in savings in terms of ongoing costs, there would be a one-off payment relating to the redundancy of NEPP's own cash collection officers of £164,219 and that the Council's share of this payment, on a pro-rata basis, was £31,202.

Several members of the Cabinet and other councillors raised concerns over the local performance of NEPP and wished to ensure that the Council received a value for money and responsive service that met the needs of the district. Mr. Young and Mr. Walker of NEPP advised the cabinet that they would be willing to participate actively in any review of NEPP activity in the district. The Safer, Greener and Transport Portfolio Holder advised the Cabinet that a review of the revenue contributions that the Council currently made to NEPP, would also be undertaken shortly.

Decision

- (1) That the outcome of the outsourcing of the cash collection operations across the North Essex Parking Partnership (NEPP) and the associated one-off redundancy payments, be noted;
- (2) That a District Development Fund bid of £31,202 for the 2015/16 budget, for contribution to NEPP as the Council's share of the redundancy costs, be agreed;
- (3) That the intention that a review be undertaken of the revenue contributions that the Council makes to NEPP, be noted; and
- (4) That the Overview and Scrutiny Committee be requested to consider the addition of a review of the local performance of NEPP to its current work programme, or to refer this matter to the Safer, Cleaner, Greener Scrutiny Panel.

Reasons for Decision

To agree the Council's share of the total redundancy costs arising from the outsourcing of the North Essex Parking Partnership's cash collection arrangements.

Other Options Considered and Rejected

The Council could refuse to pay its share of the redundancy costs, but would have to leave NEPP and carry out a procurement exercise to appoint a private service provider or bring the service in-house. The time required to procure a new contractor would be considerable and would risk increased costs in terms of an off-street only service. Instead of a one-off payment, the Council could choose to pay NEPP over a three year period, although the total amount payable would be £35,850 instead of £31,202.

113. ANY OTHER BUSINESS

Resolved:

That, as agreed by the Leader of the Council in accordance with Section 100B(4)(B) of the Local Government Act 1972, together with paragraphs (6) and (24) of the Council's Procedure Rules, the following items of urgent business be considered following publication of the agenda:

- (a) Epping Forest District Museum – Tender For main Building Contract; and
- (b) Epping Forest Shopping Park – Legal Structure.

114. EPPING FOREST DISTRICT MUSEUM - TENDER FOR MAIN BUILDING CONTRACT

The Leisure and Community Services Portfolio Holder, Councillor H. Kane, presented a report in connection with the award of a contract for the redevelopment and extension of the Council's museum in Waltham Abbey.

The Cabinet was reminded that the Council had secured £1,650,000 from the Heritage Lottery Fund (HLF) in March 2013, which included £1,500,000 capital funding for the redevelopment and extension project. The Portfolio Holder also advised members that the Council had contributed £250,000 towards the purchase of the long lease of adjacent premises at 37 Sun Street, Waltham Abbey (Bridgeman House), to enable the relocation of the Museum's reserve collection from the Langston Road Depot in Loughton and support the potential commercial development of the depot site. Some delay had been experienced in relation to the legal agreement in this respect and HLF had requested the Council to progress the appointment of required consultants to reduce the impact on the project timetable.

Councillor Kane reported that the project had now been developed up to the main building works phase. Although six contractors had submitted pre-qualification (PQQ) questionnaires for the building contract, two did not meet the Council's assessment criteria, which left only four contractors able to tender for the works, in contravention of Contract Standing Orders (CSO) C7 (5)(a). Due to the tight timetable for the award of the building contract, the Leisure and Community Services Portfolio Holder had taken a formal decision to waive CSO C7, on the recommendation of the Director of Communities in consultation with the Monitoring Officer and the Chief Financial Officer.

The Cabinet noted that the closing date for the receipt of tenders had been extended slightly in order to maximise the number received. The remaining four contractors had all submitted tenders for the building contract, which were all found by the Council's consultant quantity surveyor to be accurate in terms of financial calculations. However, the actual tender sums had increased in comparison to those recorded at the tender opening, due to the effect of the confirmation of a number of provisional sums within the pricing schedule.

Members were advised that the agreed selection criteria was based 50% on price and 50% on quality. An evaluation panel consisting of officers and professional consultants previously appointed to the project, had undertaken an evaluation and quality assessment of the tenders based on agreed weightings and criteria. At this stage, one tender had been rejected, as it was not compliant with the tender specification due to the omission of all the required 'quality' information. Following this process, the remaining tenderers were invited to formal interview as part of the quality assessment, where they were assessed on the content of their tender and

ability to deliver the work required. The evaluation panel undertook investigatory site visits to facilities built or redeveloped by the remaining tenderers, in order to complete the quality assessment.

The Portfolio Holder recommended that the contract be awarded to Coniston Limited as their tender was the most economically advantageous. The Cabinet noted that Coniston had submitted the lowest tender sum and had scored the highest quality assessment. Although all of the compliant tender submissions were above the original estimated building contract price of £1,125,000, the lowest tender was still £120,000 lower than the Consultant Quantity Surveyor's Pre-Tender Estimate of £1,590,000. This additional amount was attributed to a number of factors, particularly the protracted negotiations for the purchase of the lease of 37 Sun Street, delay in which had resulted in significantly increased labour and materials costs. Additionally, preliminary uncovering works on the existing museum building had necessitated unforeseen works to make the facility fully compliant with the requirements of the Equality Act 2010. In response to concerns expressed by some members in relation to the scoring of certain elements of the Coniston tender, Councillor Kane reported that the Project Board was confident that these could be satisfactorily addressed through the Council's expectations of the contractor.

The Cabinet noted that a detailed cost saving exercise had been undertaken in respect of the project, and that a reduction in the overall specification through the deletion of non-essential works, had reduced the pre-tender estimate by around £80,000. Councillor Kane reported that it would not be possible to reduce the final specification further, without a significant detrimental effect on the project.

The Cabinet noted that an allocation of £654,000 had been set aside within the Capital Programme for 2014/15, for the investment purchase of the second floor of 37 Sun Street. Although this purchase did not progress, due to the owners declining the Council's purchase offer, officers were currently investigating the possible purchase of an area on the second floor of the building for use as office space. It was therefore proposed that £345,000 of the original allocation of £654,000 be vired to the Museum project, in order to facilitate the redevelopment works. The remaining allocation of £309,000 was considered sufficient for the purchase of the lease in respect of the office space on the second floor of Bridgeman House, if required, which would be subject to a further report to the Cabinet.

Decision

- (1) That Coniston Limited be awarded the main building contract for the Epping Forest District Museum re-development project, being the best tender received based on quality, price and historic building experience (as demonstrated by the outcome of the Price/Quality Tender Evaluation), with a corrected Tender Sum of £1,470,000; and
- (2) That it be noted that the tender sum for the Museum building contract is £345,000 above the original estimate for the works (at November 2012) and that a virement of this amount be agreed from the Bridgeman House capital allocation originally proposed for the purchase of the second floor premises of 37, Sun Street, Waltham Abbey), to finance the shortfall after allowing for external funding.

Reasons for Decision

Due to the long delay experienced in relation to the museum re-development project, the Heritage Lottery Fund (HLF) required the main building works to commence

without further delay. The Council might otherwise be at risk of losing the previously agreed grant funding awarded by the HLF.

Other Options Considered and Rejected

The Council could further reduce the project specification, but this would be at the risk of being detrimental to the overall priorities of the project and might therefore be unacceptable to the Heritage Lottery Fund (HLF). The Council could also re-tender the works, at the risk of tenders being the same, or above those already submitted. Either of these options would be at risk of the HLF deciding to withdraw its agreed funding of £1,650,000, which would represent a loss of both revenue and capital funding.

115. EXCLUSION OF PUBLIC AND PRESS

Resolved

That, in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the items of business set out below as they would involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Act indicated and the exemption was considered to outweigh the potential public interest in disclosing the information:

| Agenda Item No | Subject | Exempt Information Paragraph Number |
|-----------------------|---|--|
| 10b | Epping Forest Shopping Park – Legal Structure | 3 |
| 11 | Site of former Sir Winston Churchill Public House – Development Agreement | 3 |

116. EPPING FOREST SHOPPING PARK - LEGAL STRUCTURE

The Asset Management and Economic Development Portfolio Holder, Councillor A. Grigg, presented a report in connection with the establishment of a legal vehicle in relation to the potential future development of the Epping Forest Shopping Park at Langston Road, Loughton, to share income with Polofind Limited and make necessary decisions in relation to the proposed shopping park.

The Cabinet was advised that the report also investigated a linked proposal for the Council to buy-out Polofind Limited's interest in the proposed shopping park, in order for the authority to realise the full income potential of the development and exercise greater control over the future tenant mix of the development, in order to protect the interests of businesses operating from The Broadway at Loughton.

Decision

- (1) That the proposed structure and associated documentation for a joint venture vehicle to deliver the Epping Forest Shopping Park development and management as set out in the report, be agreed;
- (2) That delegated authority be granted to the Director of Governance to make drafting amendments in consultation with the Asset Management and Economic Development Portfolio Holder;

- (3) That the appointment of four Directors to the Board of the Epping Forest Shopping Park GP Limited, be agreed;
- (4) That the appointment of Colliers International and Harvey Spack as joint marketing agents on a fee basis of 15% of total rents achieved on letting estimated at £375,000 for both agents (EFDC contribution being 50%), be agreed;
- (5) That budgetary provision of £175,000 be made for the appointment of Quantity Surveyors and Structural Engineers in conjunction with Polofind Limited following joint tendering (EFDC contribution being 50%);
- (6) That the early responses to the initial marketing of the retail offer be noted;
- (7) That negotiation of the purchase of Polofind Limited's interest in the proposed development be agreed, and progress in this respect be report back to the Cabinet;
- (8) That, subject to (7) above, Colliers International be appointed only to negotiate the purchase of Polofind Limited's interest at a rate of 0.5% of the total investment value or 1.5% of the land value;
- (9) That a detailed, updated financial appraisal be reported to the next Cabinet meeting following updated cost and value information currently being prepared, and that ongoing updates be made to each Cabinet meeting thereafter in order to monitor progress; and
- (10) That supplementary estimates be sought in 2014/15 of £30,000 District Development Fund (DDF) and £15,000 capital, and estimates in 2015/16 of £187,500 DDF and £222,500 capital.

Reasons for Decision

To agree the structure and arrangements for decision-making in respect of the proposed shopping park through appropriate representation, in order for progress to be made and the economic benefits of the development to be realised.

Other Options Considered and Rejected

The Council could establish a limited company, although expert legal advice and commercial expertise had led to the rejection of this approach, as it did not have the same tax transparent benefits of alternative structures. Experience had also suggested that certain potential investors, in particular pension schemes, generally preferred limited partnership vehicles should an asset be disposed of at some future point. Expert advice had also advised that the limited partnership approach was well recognised and a common arrangement in the market for a property joint venture of this nature.

The Council could choose to neither enter into a joint venture, nor purchase the interest of Polofind Limited. The Langston Road Depot site itself could be developed separately, but this would neglect the potential marriage value of the sites, reduce the potential for greater levels of income, possibly result in piecemeal development and put necessary highway works in jeopardy.

117. SITE OF FORMER SIR WINSTON CHURCHILL PUBLIC HOUSE, LOUGHTON - DEVELOPMENT AGREEMENT

The Asset Management and Economic Development Portfolio Holder, Councillor A. Grigg, presented a report in connection with a proposal for the variation of the agreement between the Council and CK Property Investments (Loughton) Ltd dated 28 March 2014, to guarantee that the Council retained the freehold and income from commercial premises to be developed on the site of the former Sir Winston Churchill Public House at The Broadway, Loughton.

Decision

- (1) That the Development Agreement previously approved by the Cabinet on 9 September 2013 be varied in accordance with Heads of Terms set out in the report and recommended by the Council's agent, Latham High Chartered Surveyors;
- (2) That Sharpe Pritchard Solicitors, who acted for the Council with regard to the original development agreement, be re-instructed to act for the authority to vary the agreement; and
- (3) That the Asset Management and Economic Development Portfolio Holder be authorised to agree minor amendments to the documentation, in consultation with the Director of Governance.

Reasons for Decision

The current agreement with CK Property Investments gives the Council a guaranteed figure of £725,000 plus interest for the freehold interest plus a share of overage on residential and commercial properties. The Council has the right to retain the freehold, subject to paying a market price and it is anticipated that there will be a shortfall requiring the Council to pay an additional capital to retain the freehold and receive the commercial property income. The revised agreement guarantees that the Council retains the freehold and commercial rental income in exchange for foregoing any share of overage.

Other Options Considered and Rejected

The Council could keep to the existing agreement, which only guaranteed a capital payment and a share of overage values and the ability to retain the freehold subject to a new valuation, based on the enhanced value of the site following redevelopment.

CHAIRMAN